Austria ... Sch 15	Indonesia .. Rp 2500	Portugal ... Esc 85
Bahrain .. Din 0.650	Italy ...... L 1100	S. Arabia .. Rls 6.00
Belgium ... BFr 35	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.50	Jordan ... Fils 500	Spain ..... Pta 95
Cyprus ... Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. DKr 7.00	Lebanon .. L£ 6.00	Sweden .. SKr 6.50
Egypt .... E£1.00	Luxembourg . LFr 35	Switzerland . SwFr 2
Finland .. Fmk 5.50	Malaysia .. Rgt 4.25	Taiwan .... NT $85
France .. FFr 5.50	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.00	Morocco .. Dh 6.00	Turkey .... L 160
Greece ...... Dr 88	Netherlands . Fl 2.25	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. NKr 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,173 — Wednesday November 16 1983 — D 8523 B

Chinese hint of elections in Hong Kong, Page 4

NEWS SUMMARY

GENERAL

Peking 'would allow HK elections'

China has indicated it would allow the people of Hong Kong to elect their own leaders after Britain hands over control of the colony.

An economic advisor to the present ruling state council, Professor Qian Junrui, says that the introduction of elections would help Hong Kong expand its position as a major free port and international financial centre, and become more prosperous. Official Chinese news agency Xinhua published his comments yesterday.

Hong Kong is run by its British governor, assisted by executive and legislative councils, both consisting of official and unofficial members. The implication of the Chinese proposal is that elections would be more substantial than those conducted for party positions in China. Page 4

Minister sprayed

UK Defence Minister Michael Heseltine was sprayed with red paint by anti-nuclear protesters at Manchester University. Page 12

Rebuke from Kohl

West German Chancellor Helmut Kohl rebuked supporters of right-wing leader Franz-Josef Strauss who are campaigning to get him a top government job. There is no reason for a reshuffle, said a Kohl aide. Page 2

S. African resignation

South Africa's most senior minister after Premier P.W. Botha, Manpower Minister Fanie Botha, 61, resigned over financial allegations.

U.S. captain killed

Captain George Tsantes, head of the naval section of the U.S. aid mission to Greece, was shot dead by two men while being driven to work in Athens. His Greek driver died of wounds later. Page 2

Israel optimism

Israel military sources said its high command did not believe an outbreak of war with Syria was imminent, despite a large increase in Soviet arms shipments to that country.

Soviet jets buzzed

Three Soviet Tupolev bombers circled in Japanese airspace for about 90 minutes, prompting 18 Japanese fighters to "buzz" them. Japan yesterday lifted air sanctions against the Soviet Union imposed after the shooting down of a South Korean airliner on September 1.

Indian walkout

Opposition parties walked out of India's parliament, accusing the ruling Congress Party of trying to topple the government of the southern state of Karnataka by bribing a Janata Party MP to change sides.

Civilians captured

Angolan Unita rebels said they had captured five British and 12 Portuguese citizens in attacks on Angolan Government positions.

Afghan rebels killed

Between 50 and 80 Afghan guerrillas were killed in an attack by government helicopters and MiGs, Western diplomats in Ahmedabad said.

Briefly . . .

Brooke Knapp set off from Los Angeles in her bid to become the first woman pilot to fly over both the poles in one flight.

French riot police flew to Caribbean island Guadeloupe after bomb attacks there. Page 7

BUSINESS

Israel: inflation 21.1% in month

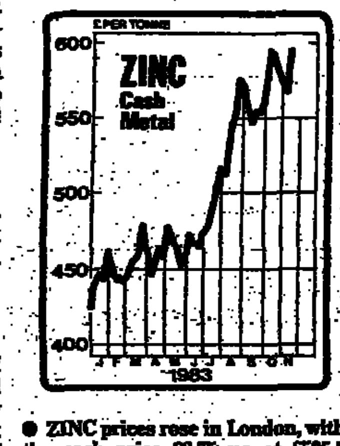
● ISRAEL'S inflation rate rose a record 21.1 per cent in October, reaching 154 per cent. Page 4

● DOLLAR showed little change, closing at DM 2.6765 (DM 2.676), FFr 8.142 (FFr 8.14), SwFr 2.161 (SwFr 2.1625) and Y234.35 (Y234.55). Its trade weighting rose from 127.8 to 127.9. In New York, it closed at DM 2.6735; SwFr 2.1595; Y234.3; and FFr 8.1325. Page 43

● STERLING rose 5 points to $1.4855, and to DM 3.9775 (DM 3.9765), FFr 12.09 (FFr 12.075), and eased to SwFr 3.2125 (SwFr 3.2145), and Y348.25 (Y348.6). Its trade weighting slipped from Monday's 84 to 83.9. In New York, it closed at $1.4867. Page 43

● GOLD rose $1 in London to $383.125. It went up $0.75 in Frankfurt to $383.5, and by $1 in Zurich also at $383.5. The New York Comex November settlement was $382.9 ($382.6). Page 43

● LONDON: FT Industrial Ordinary index eased 0.1 to 727.3, and Government securities showed modest falls. Report, Page 37. FT Share Information Service, Pages 38, 39



● ZINC prices rose in London, with the cash price £8.75 up at £595.5 ($884.6) a tonne, after a producer rise of £25 by Metallgesellschaft of West Germany. Page 42.

● WALL STREET: Dow Jones index closed 6.10 down at 1,247.97. Report, Page 33. Full share prices. Pages 34–36.

● TOKYO: Nikkei Dow index was up 30.77 at 9,379.29 and the Stock Exchange index rose 1.85 to 687.92. Report, Page 33. Leading prices, other exchanges. Page 36.

● WEST GERMANY is to tighten laws on the way banks are run. Page 21

● SHIPPING: Five leading Japanese groups announced setbacks in results for the half ended September. Page 22.

● OLIVE OIL: EEC agriculture ministers cut subsidies for 1983–84 by about 34 per cent, despite opposition from Italy and Greece, which wanted increases. Page 42

● SWEDISH October exports were up 26 per cent in value from a year before, and a 10-month trade surplus of SKr 10.9bn ($1.38bn) was achieved. Page 3

● SWITZERLAND disclosed a 10-month foreign trade deficit of SwFr 6.93bn ($3.2bn.

● UK CONSULTANTS have won contracts to plan two big railway projects: Transmark for a Saudi Arabia-Gulf line to Iraq, and Henderson Travers Morgan for a Botswana-Namibia line. Page 20

● NORSKE SHELL, the operator, declared the western part of Norway's Troll gas field commercial. Page 3

● ITALSIDER, the Italian state-owned steel producer, is shutting large parts of its Genoa and Taranto plants for three weeks to avoid exceeding EEC quotas. Page 3

● J. C. PENNEY, U.S. retail group, reported third-quarter net profits 22 per cent up at $94m. Page 21

Ankara recognises Turkish Cypriots' 'independent state'

BY ANDREAS HADJIPAPAS IN NICOSIA AND ANDRIANA IERODIACONOU IN ATHENS

The Turkish administration in northern Cyprus yesterday declared its part of the divided island an independent state, provoking a storm of condemnation from the Greek Cypriot Government in Nicosia, and from Britain, Greece and the United States.

Turkey, after initially expressing surprise at the declaration of independence, formally recognised the "Turkish Republic of Northern Cyprus" after a 2½-hour extraordinary meeting of the country's ruling generals.

Mr Spyros Kyprianou, President of the Greek Cypriot Republic, called on the world to condemn the Turkish Cypriots' secessionist move and despatched Mr George Iacovou, his Foreign Minister, to the United Nations in New York.

Mr Kyprianou made telephone calls to the prime ministers of Greece and Britain, both guarantors of the island's independence and integrity under the 1960 treaties of independence.

The UN security council was due to hold closed-door consultations late last night at the request of Cyprus and Britain. Mr Victor Ganci, the Maltese president of the council, said a formal meeting was likely to be held today.

Sir Geoffrey Howe, the British Foreign Secretary, told the House of Commons that the Government "deplored" the Turkish Cypriots' declaration of independence. But Sir Geoffrey ruled out the use of force. "It is not a military matter."

Mrs Margaret Thatcher had earlier tried to dissuade President Kenan Evren of Turkey from recognising the secessionist state. The Government also said it would consult its EEC partners as well as its Nato allies.

The Turkish Republic of Northern Cyprus was declared by a unanimous decision of the 40 members of the Turkish Cypriot federal assembly yesterday morning.

Mr Rauf Denktash, their leader, said the new state would be non-aligned, would not join any military bloc and would not unite with any other state. He also left the door open to new negotiations with the Greek Cypriots "on the basis of equality" and under the auspices of the UN Secretary-General.

Mr Hugo Gobbi, the Secretary-General's special representative on Cyprus, said the Turks' action would "paralyse" any chance of arranging new meetings between the

Continued on Page 20

Editorial comment, Page 18; Denktash cuts loose, Page 19; background to the declaration, Page 2

Geneva talks to continue despite arrival of cruise

BY BRIDGET BLOOM IN LONDON AND ANTHONY McDERMOTT IN GENEVA

THE SOVIET Union has agreed to continue the Geneva talks on medium-range nuclear weapons despite the arrival in Britain this week of the first of the new U.S. cruise missiles.

U.S. and Soviet negotiators met for only 35 minutes yesterday, the shortest session in the two-year-old negotiations. But the Soviet delegation agreed to return to the talks on Thursday.

The future of the talks has seemed precarious since Mr Yuri Andropov, the Soviet president, threatened last month that Moscow would pull out when the new U.S. missiles "appeared" in Europe.

It has never been clear whether a Soviet walkout would be precipitated by the actual arrival or by the later phase of the operational deployment of the missiles. But some Western officials believe that, with their failure to break off the talks yesterday the likelihood of Soviet withdrawal from the talks has now receded.

The officials see the possibility that the talks could be made to drag on until early next month, when both sides could accept a recess for Christmas.

However, the Soviet Union is apparently not formally committed to continuing the negotiations beyond tomorrow, when the U.S. expects a formal reply to new proposals put forward on Monday by Mr Paul Nitze, the U.S. negotiator.

The proposals, described as an elaboration of President Reagan's September 26 offer, suggested a global ceiling of 420 warheads on U.S. and Soviet medium-range missiles.

The effect of such a proposal would be to give the U.S. and the USSR an equal number of nuclear warheads on their missiles in Europe, leaving the Soviet Union with a monopoly of such missiles in the Far East. The balance between the two areas is probably two to one.

The offer was put forward by the U.S. less in the hope that it would be accepted at this stage than because Washington – with the approval of its Nato allies – wanted to appear ready to continue negotiations even as the new missiles arrived.

The Soviet Union has in fact already indicated that it rejects the new offer, because it allows some U.S. missile deployment and does not include the British and French independent nuclear forces.

But Western officials believe that it may already have served some purpose in keeping the Soviet Union at the negotiating table.

Officials now argue that almost for the first time in the long talks, Moscow has been wrong-footed in the propaganda battle and that a walkout would be counterproductive.

However, officials acknowledge that the latest U.S. move was also

Continued on Page 20

European Left split over cruise, Page 2; Protest against Heseltine, Page 13

Tripoli ceasefire collapses as rebels attack Arafat forces

BY PATRICK COCKBURN IN BEIRUT

PALESTINIAN dissidents trying to oust Yassir Arafat as chairman of the Palestine Liberation Organisation (PLO) yesterday made their fiercest attack yet on Baddawi refugee camp on Tripoli's northern outskirts.

The assault by the Syrian-supported rebels was beaten back, according to Mr Arafat's men, who say three Syrian battalions were involved, with 60 T-54 and T-62 tanks.

They also claim that 13 tanks were destroyed.

Heavy shelling accompanied the final collapse in Tripoli of the ceasefire, agreed six days ago but never fully enforced.

Arafat loyalists say they took 50 prisoners including Syrian commanders. That provides the first proof that Syrian troops have been fighting in the front line, although their artillery has supported the PLO rebels.

A PLO communiqué from their headquarters in Tunisia said yesterday that Colonel Salah Maani, military commander of Saiqa – a guerrilla organisation recruited from Palestinians in Syria – had been killed, and another senior rebel dissident wounded.

Shells fell in Tripoli itself, and 13 dead and 75 wounded were taken to local hospitals. Four had been killed by a single shell, which fell near Mr Arafat's headquarters.

The assault shows that Syria has not relented in its determination to oust Mr Arafat as PLO leader, despite the urgings of other Arab states and of the Soviet Union. Mr Abdul-Halim Khaddam, the Syrian Foreign Minister, is said to have rebuffed a Soviet plea in Moscow last week for him to reach an understanding with Mr Arafat.

The fighting yesterday is believed to have caused fresh damage to Tripoli refinery. The 35,000 barrel-a-day refinery has had 24 storage tanks and three liquefied gas tanks hit in the fighting, and the fires are still burning.

In and around Beirut, the seven-week ceasefire continues to become less effective, with rockets and shells hitting Christian East Beirut from Druze positions in the mountains. The Druze say they are responding to Lebanese army artillery fire.

Diplomats say some Druze leaders are anxious to restart the recent war, to take positions at Souq al Gharb and on the coastal road to the south, which they failed to capture in September.

The increased intensity of the fighting is leading to pessimism in Beirut that the ceasefire there can last for long, although no faction wants responsibility for ending it.

"This place is a powder keg, and it is going to go up," said a diplomat yesterday, "but I do not believe that this will happen until negotiations are played out."

President Amin Gemayel, of Lebanon, is to go to Damascus for talks with Syrian President Assad as soon as the latter has recovered from his appendix operation. He is also due to go to Washington in early December to see President Ronald Reagan, but there are doubts if a full-scale resumption of hostilities ca be avoided until then.

Industrial output at peak in U.S.

By Stewart Fleming in Washington

INDUSTRIAL production in the U.S. reached a peak in October, finally surpassing its previous high, recorded in July, 1981, before the economy slipped into recession.

The rate of increase during the month was the slowest since February, however, with the index rising 0.8 per cent to 154.8. That compares with a revised 1.3 per cent increase in September and the 2.3 per cent increase in July, the strongest gain of the year.

October's figure, although slightly lower than some economists had been expecting, will reinforce expectations that the pace of the economic expansion will moderate slightly in the fourth quarter. After gains of 9.7 per cent and 7.9 per cent in real terms in the second and third quarters, many economists predict that real growth in the fourth quarter will be around 6 per cent to 7 per cent.

Earlier this week, the Commerce Department reported that in September the rate of growth of stockbuilding also began to ease. Restocking has been one of the main factors behind the strong second and third-quarter growth of gross national product (GNP).

While a more moderate rate of economic expansion is widely predicted, few economists are expecting that to result in any fundamental shift in the Federal Reserve Board's monetary policy.

The policymaking arm of the Fed, the Open Market Committee, was meeting yesterday to chart the monetary policy course over the next month amid expectations in the financial markets that monetary policy would be left essentially unchanged.

Many economists believe that the Fed is focusing much of its attention on the broad economic outlook, and suspect that it will decide that the economy is strong enough not to need any further stimulation from the monetary side. On the contrary, it is thought that the Fed will welcome some easing in the pace of the economic expansion on the ground that the current rate is not sustainable in the long term without adding to inflationary pressures.

In its analysis of the industrial production figures yesterday, the Fed said that output of durable consumer goods edged up only 0.1 per cent in October. There was, too, a slight decline in the annual rate of automobile production, reflecting, it suggested, a shortage of parts.

Toshiba video move boosts VHS format

BY JASON CRISP IN LONDON AND CHARLES SMITH IN TOKYO

TOSHIBA, one of the leading Japanese companies making video cassette recorders using the Sony-developed Beta format is to make and sell VCRs in Europe using the rival VHS system developed by JVC.

The decision is the second major boost for the VHS system in the past few days and puts beyond doubt its position as the dominant format throughout the world.

At the end of last week Philips and Grundig, the main supporters of the third rival format (V2000), announced they would also manufacture VHS video-recorders, for sale outside Europe.

The three rival systems, which are incompatible with each other, have been in fierce competition to establish themselves as the standard. With the exception of West Germany and the Benelux countries the Philips-developed V2000 format has fared badly. Market research in Europe indicates that both Beta and V2000 formats have been losing ground in recent months.

Toshiba, which is to make the VCRs in Plymouth, south-west England, acknowledges that VHS is the dominant system in Europe. But it also reaffirmed its commitment to Beta in other parts of the world, including the U.S. and Japan.

The company will assemble 10,000 VCRs using the VHS format a month at its Plymouth factory, where it makes colour televisions. It will continue to supply the European market with Beta format recorders from Japan.

Toshiba employs 450 at Plymouth producing 200,000 television sets a year. It will take on a further 50 people to assemble the VCRs. Toshiba is the forth Japanese company to say it will make VCRs in the UK.

The largest manufacturer of VCRs in the UK is J2T, a joint venture between JVC, Thorn EMI of the UK and Telefunken, now part of France's Thomson-Brandt. Sanyo and Mitsubishi are also about to start assembling VCRs in Britain.

The Toshiba announcement coincides with the start of talks in Japan between Viscount Etienne Davignon, the EEC Commissioner for Industry, and Mr Sosuke Uno, Japan's Minister for International Trade and Industry, of Japanese VCR exports to Europe.

Last year the EEC and the Japanese ministry (Miti) reached a controversial agreement to limit Japanese VCR exports to the Community to 4.55m units. This was widely criticised as a protective measure to help Philips and Grundig keep their falling share of the market with their V2000 system.

The British and West German governments were unhappy with the agreement. One of the problems was that the restriction on machines included kits, which meant

Continued on Page 20

3M's wholly owned plant first in China

BY TERRY DODSWORTH IN NEW YORK

MINNESOTA MINING & Manufacturing (3M) of the U.S. has broken new ground in Western trading relations with China by reaching agreement to set up a wholly owned manufacturing subsidiary in that country.

Previous foreign investments in modern Chinese production operations have been only on a joint-venture basis. "In working with us to start a foreign-owned company in China, the Chinese authorities are demonstrating their willingness to consider new forms of foreign investment," Mr Lewis Lehr, 3M's chairman and chief executive, said yesterday.

The company refused to disclose the amount of its investment, which is being funded entirely by equity injected by the parent organisation. The plant will be modest to begin with, employing only about 30 people in the manufacture of splicing and connecting products for the telecommunications and electrical industries.

The group is hoping, however, to expand rapidly in a market where there is no real competition for its products. At the moment, Chinese manufacturing in this field is highly labour-intensive and uses only local materials, Mr Gary Pint, group vice-president for the electrical production division, said yesterday.

Other international company news, Pages 21–23

CONTENTS

RESORT TO INTERNATIONAL CAPITAL MARKETS WILL BE CUT

France manoeuvres on loan terms

BY DAVID MARSH IN PARIS

THE FRENCH Treasury is playing a finely-balanced poker game with international banks to win favourable conditions on the country's foreign borrowing programme next year.

After two years of heavy borrowing abroad to finance large deficits in the current account balance of payments, the Treasury plans to lower its recourse to the international capital markets in 1984.

Partly in a bid to whet foreign bankers' appetities for French credits, it is reducing foreign borrowing drastically between now and the end of the year.

Euromarket bankers say the move is partly justified by the sharp improvement in the current account, which was roughly in balance during the latest two quarters. They also point out, however, that public sector institutions will have to continue heavy borrowing next year to help finance their own operating deficits and to cover France's considerable foreign debt service charges.

France's gross foreign indebtedness—not taking account of its own considerable foreign exchange reserves and other international claims—is estimated by bankers at $60bn (£40bn) at least, roughly doubling over the past two years.

M Jacques Delors, the Finance Minister, yesterday put the gross foreign debt at $48.3bn as of June 30 (FFr 369bn at FFr 7.60 to the dollar). This was before the Government drew the proceeds of its $3.7bn foreign loan arranged through the EEC, which has added both to the overall debt and to France's foreign exchange reserves during the summer.

The end-June net foreign debt, taking account of foreign claims, was around $18.4bn, M Delors said yesterday.

Bankers say that the state financing body Credit National is currently seeking $300m in an international loan, down from the $600m earlier expected, and this is likely to be the last major foreign fund-raising this year by a public sector borrower.

With a current account performance that could still show a deficit of up to FFr 30bn (£2.5bn) next year and foreign debt repayments estimated at around FFr 20bn, France will still have need of a sizeable foreign borrowing programme.

Foreign bankers admit that the Treasury has managed France's borrowings cleverly this year by using predominantly the international bond markets and avoiding undue recourse to syndicated bank loans.

"A lot of banks are offering the Treasury attractive terms," says a second London banker. But even though the Government is asking heavy borrowers like Electricite de France or the state railways SNCF to turn more to the domestic bond market for their 1984 financing needs, he says: "We still see a lot of French foreign borrowing coming up for 1984. They'll all be on the starting blocks in the new year."

Another Euromarket banker put French borrowing needs next year at around $10bn at least—not much less than this year, although heavily down from the more than $20bn in 1982.

M Michel Camdessus, Director of the Treasury, said that France would make use of early repayment clauses in Euromarket loans where the opportunity arose, as soon as appropriate. Bankers feel France might want to prepay some earlier Euromarket borrowings particularly to space out an anticipated "bunching" of loans falling due in the mid-1980s.

Landmarks on the road to partition

1914—Britain annexes the island.

1925—Cyprus given status of Crown Colony.

1955, April—Greek Cypriots begin a guerrilla campaign against British.

1960, August—Cyprus becomes independent republic. Under the Treaty of Guarantee signed by Cyprus, Britain, Greece and Turkey, union with Greece is precluded and Britain retains sovereignty over its military bases on the island.

1963, December—Clashes between Greek and Turkish Cypriots when President Makarios tries to modify the constitution. First a joint force of British, Greek and Turkish troops, later a UN peace-keeping force, sent to Cyprus.

1968, June—Greek and Turkish Cypriots start talks in Cyprus but without success.

1974, July—Coup staged in Cyprus by members of Greek ruling junta to overthrow President Makarios. It was short lived, and President Makarios, after fleeing the island, returned in December.

1974, July and August—Up to 40,000 Turkish troops invaded the island and in two swift campaigns annexed the northern 40 per cent; 200,000 Greek Cypriots flee south. UN resolution calls for withdraway of all foreign troops.

1975, February — Turkish Cypriot Federated State proclaimed.

1983, August—Sr Javier Perez de Cuellar, UN Secretary-General, puts forward new proposals which would give the Turkish minority better constitutional rights in exchange for land. These moves eventually backed by Britain and Greece.

U.S. officer shot dead in Athens

By Andriana Ierodiaconou in Athens

A U.S. navy captain was shot dead by two gunmen in a northern Athens suburb early yesterday morning, the police said. Captain George Tsantes was being driven to work at the time. His Greek driver was fatally injured.

Cap Tsantes was chief of the naval section of JUSMAG, a U.S. aid mission to Greece established after the end of the War. Its original purpose was to consolidate U.S. influence in Greece but its activities have been considerably scaled down.

The assassination comes shortly before celebrations to commemorate the 1973 student uprising in Athens against the colonels' junta, an event with strong anti-U.S. overtones.

Kohl quashes reshuffle reports

BY RUPERT CORNWELL IN BONN

CHANCELLOR Helmut Kohl yesterday moved to quash speculation about imminent changes in his cabinet which would lead to a senior post for Herr Franz Josef Strauss, the leader of the Bavaria-based Christian Social Union (CSU) which is part of the coalition Government.

In a statement to the cabinet at its regular weekly meeting, Herr Kohl went out of his way to thank ministers in his three-party coalition for their performance since last March general elections. "I am grateful for their team spirit and co-operation, and see no reason for any reorganisation in the Government," he said.

His words should put at least a temporary end to the flood of recent reports, which Herr Strauss's supporters have done nothing to discourage, that the CSU leader was demanding a top job in Bonn, possibly as Foreign, Defence or Economics Minister.

The CSU has been concentrating its fire above all on the Free Democrats (FDP), the junior partners in the coalition. The party has strongly criticised Herr Hans Dietrich Genscher, the FDP Foreign Minister, and exploited the uncertainty surrounding the future of Count Otto Lambsdorff, the FDP Economics Minister, stemming from legal investigations of party contributions from business.

Herr Kohl clearly decided that the time had come, shortly before a key parliamentary debate next week on the installation of new Nato missiles in West Germany, to shore up the Government and underline its more positive achievements, particularly in the economic field.

Herr Gerhard Stoltenberg, the Finance Minister, told a news conference yesterday that the economy was expanding at an annual rate of 3 per cent, and that real growth next year could well be 2.5 per cent. He pointed to the new, if very modest, downward trend in unemployment and the continuing improvement in West Germany's foreign trade.

The gradual upturn in the economy would also mean a smaller than expected federal budget deficit this year, he declared. Current estimates put the likely 1983 deficit at between DM 37bn (£9.3bn) and DM 38bn (£9.5bn), compared with earlier expectations of a DM 41bn (£10.3bn) shortfall.

Britain condemns Turkish Cypriot independence move

BY STEWART DALBY

BRITAIN HAS strongly condemned the unilateral declaration of independence by the Turkish Federated State of Cyprus yesterday. It called for urgent consultations with Greece and Turkey, the other two guarantors of Cyprus independence, granted in 1960, and said it would consult its EEC partners and Nato allies. Both Greece and Turkey are members of the alliance.

Sir Geoffrey Howe, the Foreign Secretary, told Parliament that the Government deplored the Turkish Cypriots' decision. The declaration was incompatible with the Treaty of Guarantee, he said.

Mrs Margaret Thatcher, the Prime Minister, is understood to have been in touch by telephone with President Spyros Kyprianou of Cyprus and to have urged President Kenan Evren, the Turkish leader, not to recognise the state.

Turkey, however, did recognise it formally last night, but few other countries seemed likely to follow its lead. It was the only country to recognise the Federated State when it was formed following the invasion by 40,000 Turkish troops in 1974. Ankara maintains an estimated 25,000 troops on the patritioned island, which has a population of 498,000 Greek Cypriots and roughly 120,000 Turks. The Turkish Cypriots occupy 40 per cent of the island.

The U.S. expressed surprise and dismay over the declaration. A State Department spokesman said: "We have consistently opposed a unilateral declaration of independence by the Turkish Cypriot community, beleiving it would not be helpful to the process of finding a final negotiated settlement to the Cyprus problem." This view was echoed by other Western diplomats.

Last August, Sr Javier Perez de Cuellar, the UN Secretary-General, launched a new initiative which would have given Turkish Cypriots greater constitutional rights under a revolving presidency in return for some land concessions.

Under Article 4 of the Treaty of Guarantee, Britain, Greece and Turkey are required to hold discussions if anything occurs to disturb the status quo on the island. Any of the three can act independently if joint action is impossible.

Editorial comment, Page 24.
Feature, Page 25

Ankara aims to stem U.S. attempts to block aid

BY OUR ANKARA CORRESPONDENT

DECLARATIONS of surprise—but not extreme disapproval—in Ankara greeted the proclamation of unilateral independence (UDI) by the Turkish Cypriot leader, Mr Rauf Denktash.

Turkey's immediate aim is now to stop its enemies in the U.S. Congress in Washington from restricting or blocking $715m (£480m) in military aid under the defence co-operation agreement with the U.S.

Turks, however, feel there is relatively little chance this time around of a repetition of the 1975, Congressional embargo on U.S. arms sales to Turkey which followed the original declaration of Turkish Cypriot statehood.

The victor of last week's General Election, Mr Turgut Ozal and his Motherland Party, have followed the official line in professing to regard the decision as a purely Turkish Cyriot affair.

It is hard to believe, however, that Mr Denktash, a veteran ally of the Turkish military, took this decision without reaching at least a tacit understanding with the Turkish commanders on the island.

Turkey, which maintains an estimated 25,000 troops in northern Cyprus, has spent the summer carefully staking out a position over UDI designed to convince potential critics in the U.S. Congress that it has not given it the green light.

However there had been no signs in response to repeated pledges by Mr Denktash since May to declare UDI of any practical measure from Ankara to deter him.

It must have been evident to most mainland Turkish newspaper readers for several weeks, that UDI was, at most, only weeks away. Mr Denktash's statements in the last two months left little alternative prospect.

One leading question is how he has managed to overcome long-standing mainland Turkish fears that a partition of the island may lead eventually to a substantial Greek offensive military presence in the eastern Mediterranean.

Inside Turkey there has been relatively little interest among the general public in a Turkish Cypriot UDI even though public opinion is being cited as a reason why the Ankara government could not put up a stiffer resistance to Mr Denktash's moves to independence.

Turkey will press its closer allies in the Moslem world, including Pakistan and Bangladesh, to recognise the new Republic, though there are few illusions that many other countries will follow suit.

Dutch minister may seek compromise over pay cuts

BY WALTER ELLIS IN AMSTERDAM

MR KOOS RIETKERK, the Dutch Home Affairs and Civil Service Minister, was said yesterday to be ready to discuss a possible compromise that could end the present wave of strikes and workings-to-rule by public sector employees.

He was prepared to adjust the extent by which public sector pay would be cut next year—at present fixed at 3 per cent—in return for trade union agreement on shorter working weeks. Talks between the two sides resumed yesterday evening in The Hague after an interval of nearly two weeks.

The unions have already concluded various agreements with public and private employers on reducing the number of hours worked by their members. But Mr Rietkerk would like to expand these agreements across the public sector with a view to fixing the average working week at 32 hours by 1990.

By this means, at least until the public sector was able to start taking on new staff to fill the gaps created, the public wage bill would be reduced and the need to cut salary rates would lessen.

Union leaders have said that they are only interested in bringing down the level of cuts for 1984, while the Government has insisted that all that remains to be discussed is the level of cuts for 1985 and 1986.

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EEC Left split on missile deployment

By John Wyles in Strasbourg

SHARP divisions within the European left over the deployment of U.S. cruise and Pershing missiles were highlighted yesterday in the European Parliament.

As a result, the parliament looks likely to provide a large majority in favour of deployment in a vote today which underlines its steely determination to deal with major political issues which have no direct relevance to the Treaty of Rome and the EEC.

The left's disarray on deployment stems largely from the unwillingness of French and Italian Socialists to support calls for a delay in the stationing of missiles to allow more time for the U.S.-Soviet talks in Geneva to seek a solution.

Both groups are thus staying loyal to their national parties' line. President Mitterrand's Socialist Government in France is a vigorous supporter of deployment, while the Italian coalition headed by Socialist premier, Sig Bettino Craxi, is committed to installing cruise missiles in Sicily in the spring.

By contrast, the West German SPD members of the European Parliament and the British Labour group are strongly opposing deployment. They will be supported today by the French and Italian Communists.

The immediate focus of yesterday's debate was the proposal tabled in August by the Greek Government, as president of the EEC's Council of Ministers, to defer missile deployment for six months to ensure the continuation of the Geneva talks. Other EEC governments have refused to discuss this proposition on the grounds that the debate properly belongs in Nato.

Mr Yannis Charalambopoulos, the Greek Foreign Minister and president of the Council, exposed himself to frequent and frustrated criticism from centre-right MEPs yesterday by refusing to answer questions on the proposal. He argued that it concerned the foreign policy of an individual member state and not a common position adopted by the Ten in their political co-operation.

The Greek Minister's stand served to drain the debate of its only really dramatic element since most speeches from the floor of the parliament were predictable and lacklustre.

Socialist call for unity in Europe poll

By John Wyles

MR ROBIN Cook, the British Labour Party's recently appointed spokesman on European Affairs, yesterday called for a joint campaign by EEC socialist parties in next June's elections for the European Parliament.

His appeal, delivered in a speech to the Parliament's socialist group, marks a further stage in the burying of the Labour Party's essentially negative approach, based on withdrawal from the EEC.

He stressed that the domestic political importance of next year's Euro-elections as "the first major electoral test of Neil Kinnock's leadership." Mr Kinnock recently became leader of the British Labour Party.

"We want to fight these elections together with you. We all face common problems in Europe and we must therefore offer the people of Europe common solutions rooted in our shared socialist values," said Mr Cook.

Socialists, he said, must offer an economic programme capable of lifting the Community out of recession, reducing unemployment and reversing the nuclear arms race.

Tax changes urged to boost Irish Stock Exchange listings

BY BRENDAN KEENAN, DUBLIN

THE NUMBER of companies listed on the Irish Stock Exchange could increase by more than half if the taxation climate were more favourable, according to a report prepared by the Exchange. Dublin has not seen a new full listing for 10 years, but the Exchange believes the companies with a potential market capitalisation of I£450m (£354m) could be persuaded to seek listings.

The report was prepared at the request of Mr John Bruton, the Irish Industry Minister, who is to publish a White Paper on Irish industrial strategy. He was concerned at the failure of the Exchange to play a growing role in the financing of industry.

The Exchange blames the tax regime for a situation where the 77 companies quoted represent under 10 per cent of the country's national output, compared with equivalent figures of around 50 per cent for quoted companies in Britain and the U.S. They single out Irish capital gains tax and the lack of tax relief on investment in equities as factors inhibiting investment.

Stock Exchange committee members also admit that Irish businessmen have been reluctant to seek equity, partly because of fear of reduced control and partly because they do not wish to meet disclosure rules.

The Exchange plans to relax its rules to allow companies to seek a partial listing on the basis of a prospectus alone. It also believes it would be possible to attract subsidiaries of British and U.S. companies to the Irish Stock Exchange but says some changes in exchange control regulations will be necessary.

The Government is believed to be under some EEC pressure to encourage equity investment in industry and must also take account of Exchequer pressures on its policy of generous grant aid to industry. The report suggests that some sectors of Ireland's substantial state-owned industry could be privatised through offering shares to the public.

The report's main proposals are that capital gains tax should be restored to 30 per cent from the present range of 40-60 per cent (for short term gains). It wants individual investments of up to I£25,000 (£19,700) to be allowable for tax purposes if the investment is held for five years, and relief on interest on borrowings for investment purposes.

The Exchange also calls for "roll-over relief" on capital gains if the proceeds are reinvested within two years. It further suggests that Irish residents with investments abroad should be able to repatriate them and re-export them within two years.

Portugal pledges exit tax exemption for foreigners

BY DIANA SMITH IN LISBON

THE PORTUGUESE Trade and Tourism Minister, Sr Alvaro Barretto, has assured a delegation of Britain's leading tour operators that foreigners will not have to pay the unpopular Esc 1,000 (£5.20) exit tax from December 31. More British tourists visit Portugal than any other nationality.

Sr Barretto has also agreed to study a request by the tour operators for reimbursement of the thousands of pounds they have had to spend on behalf of their customers since the exit stamp was abruptly introduced in October with hardly any warning.

British operators were caught short by the new tax and were unable to pass it on to their customers.

The operators, meanwhile, have expressed their satisfaction about the energetic efforts the new Portuguese Government has made to secure safer gas installations in holiday accommodation in the Algarve. The deaths of 10 Britons from carbon monoxide poisoning caused by faulty gas installations or ventilation in recent years resulted in vigorous protests from Britain and a demand for marked improvements in safety regulations.

West Troll gas field declared commercial

By Fay Gjester in Oslo

THE WESTERN part of Norway's giant Troll gas field was declared commercial yesterday by Norske Shell, operator company on this side of the field.

About a third of Troll's estimated 1,500bn cubic metres of recoverable gas are believed to lie beneath West Troll, as well as around 51m tonns of recoverable oil. The field, it is hoped, will eventually become a significant supplied of gas to Western Europe.

The declaration of commerciality does not imply a commitment to develop the field, but that exploitation appears technically and economically feasible

Shell and its partners cannot actually start development until buyers have been found for the gas. This will have to fetch a high price to justify production, which will be expensive because the field lies in deep water, and sea bed conditions are difficult. Shell estimates development costs at about NKr 40bn (£3.6bn) at 1983 values.

The company does not expect to have detailed development plans ready for two years. If the go-ahead were given around 1986 or 1987, it said, production could start by 1995.

Sale of Troll gas will be handled by Statoil, Norway's state oil company and a significant partner on both East and West Troll.

So far, it has not even managed to finalise sales of the far more accessible gas in Norway's Sleipner field.

A significant feature of the commerciality declaration is that it marks the end of exploration. Statoil, whose costs during this phase have been born by the other licensees, under a so-called "carried interest" arrangement, will now have to assume its share of project expense.

About NKr 1bn (£90m) has been spent on exploration on West Troll, and a further NKr 400m (£36m) on research into the new technology that will be needed to develop the field.

Exploration of East Troll, where the licensees are the three Norwegian companies Statoil, Norsk Hydro and Saga Petroleum, began only this year. It is unlikely to be declared commercial for some time.

EEC quotas force Italsider to shut plants

BY JAMES BUXTON IN ROME

ITALSIDER, the Italian state-owned steel producer, is having to shut down large parts of its Genoa and Taranto steel complexes for three weeks between now and the end of the year in order not to exceed its EEC production quotas. The move will mean laying off 1,300 workers at Taranto and 220 at the Cornigliano works at Genoa.

It comes in the midst of the angry public debate on permanent steel closures which has been raging since the European Commission last summer insisted that Italy present by January 31 next year plans for the closure of 5.8m tonnes of steelmaking capacity, most of it in the public sector.

IRI, the state industrial holding company, has put forward plans for closures which will involve the loss of about 23,000 jobs and the closure of most of the Cornigliano works. But the plan has not yet been accepted by the government of Sig Bettino Craxi and ministers are still arguing publicly about it.

Discussions are also going on between IRI and a group of private steel-makers over a plan under which they would take over part of Cornigliano. But this scheme, if it went ahead, would be offset by further closures in the private sector.

There is now growing realisation, however, that the conditions set by IRI for the reopening of the Bagnoli plant outside Naples are unlikely to be met. Bagnoli, after undergoing a restructuring plan costing more than L800bn (£330m) has been "temporarily" closed since late last year and its reopening is dependent, according to IRI, on the EEC increasing Italy's production quota next year by 1.2m tonnes.

In view of the EEC's decision to set minimum prices for many products as a result of the seriousness of the European steel situation, the chances of Italy being able to increase its quota are now considered bad. The decision on minimum prices has been officially welcomed here both in the state and private steel sectors.

Meanwhile in the troubled shipbuilding industry, the state-owned concern Italcantieri on Monday laid off 3,500 men, in what is being construed as a first step to reductions in its labour force and capacity.

Swedish exports rise continues

By David Brown in Stockholm

SWEDEN'S exports continued to grow strongly last month with a 26 per cent climb in value compared with October 1982 when the krona was devalued by the incoming Social Democratic Administration. The value of imports during the period grew by 10 per cent. On a 10-month basis exports rose 27 per cent, and imports 10 per cent. The trade surplus was SKr 10.9bn (£930m), Statistics Sweden reported.

"We are of course impressed by the figure so far," said Mr Ola Virin, chief international economist at the Swedish Federation of Industries. He estimated that exports had grown 10 per cent in volume terms since the start of the year.

The devaluation played a major role in the upturn. It has restored price competitiveness and allowed market share to be recaptured. The economy is showing healthy signs of recovery, and the Government is predicting a 2.8 per cent rise in GDP next year following a 1 per cent climb in 1983.

Mr Verin cautioned, however, that the benefits of devaluation have been mostly "used up." The good export figures partly rely on short-term factors such as used ship sales and petroleum exports, as well as a boom in car shipments, especially to the U.S.

"Excluding cars, it has been a rather weak pick-up for engineering products in general," said Mr Verin.

Yugoslavia likely to seek more UK loans

BY DAVID BUCHAN IN LONDON AND ALEKSANDAR LEBL IN BELGRADE

BRITAIN is likely to be asked to join other Western governments in granting Yugoslavia further financial loans next year, when Mrs Milka Planinc, the Yugoslav Prime Minister, meets Mrs Margaret Thatcher in London today.

Yugoslavia will formally request aid to help it meet 1984 debt servicing of around $5bn at a meeting in Geneva on Friday with officials from some 15 Western governments, the International Monetary Fund and the World Bank. This year the 15 Western governments contributed credit worth $1.3bn to a wider $4bn rescue package involving also private banks and the IMF.

If Belgrade can carry over into next year the unspent portion of 1983 credits, its debt servicing problems will need less outside help than this year. On this understanding, the British Government, which gave credit worth £78m this year, seems inclined to help again.

Economic issues will figure prominently in this week's official visit to the UK by Mrs Planinc, postponed from last May because of the British general election. In her talks at Downing Street today, and later with the Treasury, the Department of Trade and Industry, and British industrialists, the Yugoslav leader is likely to stress the change she has wrought in the economy with a tighter monetary policy and banking and foreign exchange reforms that have earned her the sobriquet of "the Yugoslav Thatcher."

Mrs Planinc, however, has to share political and economic power with eight republics and provinces in federal Yugoslavia, a point she will underline obliquely with a trip on Friday to Edinburgh and a visit to a Racal factory making defence equipment for the Yugoslav armed forces.

Yugoslav officials see signs that Mrs Thatcher may be more receptive to their country's views on East-West issues than she might have been last May. She spoke again this week of the need for sensible dialogue with the Soviet bloc and to this end said she would visit Hungary next year.

Mrs Planinc: London visit

Mrs Thatcher knows Yugoslavia quite well, having visited it twice as Prime Minister in 1980, even if the niceties of Yugoslav non-alignment are not grasped by others. During the election campaign, the Conservative Party ran a television broadcast depicting Yugoslavia in the Warsaw Pact. The BBC made the same mistake earlier this month.

To its satisfaction, Yugoslavia has narrowed its bilateral trade deficit with Britain, from $364.7m last year to $63.8m in the first nine months of this year, according to Belgrade's statistics. British officials accept this as an inevitable result of import cuts in the Planinc austerity programme, backed by the IMF.

Because Yugoslavia has needed less trade credit, thanks to lower imports this year, it is considered that any 1984 aid package discussed in Geneva will have to comprise less trade credit and more financial loans from Western governments than this year.

Polish debt talks begin again in Paris today

BY CHRISTOPHER BOBINSKI IN WARSAW

POLISH GOVERNMENT officials are due to start talks today in Paris on rescheduling payments on the $11bn which Poland owes to the 16 Western countries grouped in the Paris creditors club.

At the same time Mr Zbigniew Madej, the Polish Deputy Premier in charge of foreign trade, has said Poland wants to continue to run a trade deficit with its Comecon partners for another five years.

Talks with the Paris club were frozen as part of Western sanctions following the imposition of martial law in December 1981, and the United States has only recently dropped its opposition to resuming negotiations. These will deal with repayments which fell due both in 1982 and this year as Poland responded to the sanctions by suspending payments.

Given the country's parlous financial state and the burden of servicing commercial bank debt where rescheduling agreements for 1982 and 1983 have already been signed, the Polish negotiators will at the very least be looking for new commodity credits to cover any payments which are agreed.

Next years' draft economic plan foresees $1.8bn-worth of debt repayments, compared with $1.3bn-worth this year.

By the end of this year, Poland will owe Roubles 4bn (£3.5bn) to other Comecon countries which are keen to see repayments start. In fact, Poland is already in surplus in trade with Hungary and Bulgaria this year. According to Mr Madej, however, Poland will suggest in talks on the 1986-1990 five-year plans that Comecon continue to credit the Polish economy until around 1988.

Singapore fumes over an official drive to curb a prized possession

Chris Sherwell, South-East Asia Correspondent, reports on a new public enemy

A NEW public enemy has been spotlighted in Singapore. One minister says the island is already in the first stage of paralysis. Others have been taking any opportunity—not even *Tree Planting Day* was missed—to reel off a few statistics on the scale of the threat posed to environment and welfare.

The foe is the car, a highly prized possession for the average Singapore family but which is jamming the streets with such intensity that it is now the object of a tough policy to price it beyond people's reach. In the past three weeks, the Government has raised car taxes, increased the duty on petrol and upped parking fees. *Owners and dealers are stunned.*

Singapore has become probably the most expensive place in the world to own a car. One would be lucky to get much change out of S$30,000 (about £9,500 or U.S.$14,000) for even a small model. Once a car arrives, *the following charges* will be added to the landing price before it gets on the road:

- freight, insurance and port handling charges plus any commission;
- 45 per cent import duty on the "open market value" as *determined by the Customs;*
- S$1,000 to register the car (S$5,000 if it is a company car) plus S$25 for licence plates;
- 175 per cent (150 per cent previously) of the car's open market value as an additional registration fee. The proportion would be reduced, depending on the car, to 45-65 per cent *(35-55 per cent previously) if* the car already owned is scrapped;
- road tax of 52-78 cents (40-68 cents previously) per cc depending on the engine capacity. This works out to more than S$1,000 a year for a 1600 cc car, and double for a company car.

All this is before the dealer's profit is taken into account. In addition, insurance rates are not low (and driving standards are not high), premium-grade petrol is now 20 per cent higher at 125.6 cents a litre (39.5p), and *parking charges (it is difficult* to park for free anywhere in Singapore) have also been raised 20 per cent.

In the first four months of this year close to 500 additional cars came onto the roads each week. Altogether, some 200,000, more than one for every 12 persons, are now running round *the island, an estimated 80 for* each kilometre of road.

The average car growth rate in the past 18 months has been more than four times the rate of the late 1970s, and recently the car population was projected to double within five years if present trends continued. Certainly the rate outpaces the increase in road capacity or parking space. Already each car is calculated to need 150 square metres of land, which in Singapore is a palpably finite commodity.

*The explosion in car owner*ship of the past few years parallels Singapore's large salary and wage rises, in line with the Government's growth strategy favouring "high-tech" industry and pricing labour-intensive activities out of the market. Pay rises of 19 per cent in 1979 were followed by increases averaging *20 per cent in 1980 and 14-18* per cent in 1981. Healthy real increases have also been given this year

The car growth also reflects an important perk—the cheap loan—offered by the Government to civil servants and by *multinational corporations and* banks to their employees. Perhaps unsurprisingly, the Government has yet to clamp down on these.

Car owners, needless to say, are grumbling, while prospective car owners are even less *happy. Dealers are dismayed,* having made bigger orders for Christmas, while second-hand car salesmen reckon owners may now hang on to their existing cars for longer. At the moment, about six in 10 cars are said to be under three years old.

Nevertheless, Ministers are already firmly on record for tough restrictions on cars when the first phase of the S$5bn Mass Rapid Transit system, now under construction, starts up in 1988.

"We can't have a policy where everybody can have a car," said Defence Minister Goh Chok Tong when the first of the latest batch of measures was unveiled. "It is the Government's responsibility to provide housing, medical and other social services. It is not our policy to ensure that every family owns a car. That is a luxury."

Chinese hint of elections for Hong Kong

BY MARK BAKER IN PEKING

CHINA has indicated that it *will allow the people of Hong* Kong to elect their own leaders after Britain relinquishes control of the colony.

An economic adviser to the ruling State Council, Professor Qian Junrui, has said that elections will assist Hong Kong to expand its position as a major free port and international financial centre.

"When China regains sovereignty over Hong Kong, our patriotic compatriots will elect their own representatives to administer Hong Kong. They will certainly make Hong Kong more developed and prosperous," he said.

The comments were published yesterday by the official Chinese news agency, Xinhua, only hours after the end of another round of the secret Sino-British talks on the future of Hong Kong.

No indication was given of how the elections would operate, but the implication is that they will be more substantial than the stage-managed elections conducted for party positions in China.

China is pushing hard to re*assure the people of Hong Kong* that their "prosperity and stability" will not be changed after the British leases expire in 1997. Hong Kong residents at present have no say in the appointment of the governor or the most powerful bureaucrats.

The talks, the sixth round since July, appear to have been amicable, but there was still no official indication that progress was being made.

A joint statement described the latest round as "useful and constructive"—the same adjectives used after the previous session in October. It said the next round would be held in Peking on December 7 and 8.

While the two sides have agreed to keep the content of their talks confidential, the well-timed release of China's view on elections for Hong Kong appears ot be another attempt to manipulate public opinion in their favour.

Professor Qian, who recently returned from a visit to Hong Kong, played up Hong Kong's future as an increasingly important economic centre in "the region and the world as a whole."

He said the chief reason for Hong Kong's present prosperity was *that* "98 per cent of Hong Kong's 5.3m people are capable, hard-working and highly-adaptable Chinese.

"Hong Kong may continue to take in large foreign capital investments and face the world market by depending on the rich resources and markets on the mainland. This will guarantee Hong Kong's prosperity and stability," he said.

It now appears likely that the Hong Kong talks will continue well into next year with little prospect of an early settlement. But the two sides seem to have put an end *to the public* bickering

The next round is expected to be the last this year and will be the last at which the British team is led by the Ambassador to China, Sir Percy Cradock. Sir Percy, who will become a special adviser to the British Prime Minister, Mrs Thatcher, on foreign affairs, is expected to leave Peking on December 22.

This means that the negotiations are unlikely to get under way again until late January at the earliest, after the new Ambassador, Mr Richard Evans, arrives from London.

Disappointment for many

THE OUTCOME of the talks has disappointed many in Hong *Kong. The stock market reacted* only slightly, with the Hang Seng index moving down less than half a point to close at 855.72.

Optimism had been increased over the past two weeks by the apparently warmer atmosphere of the fifth round of talks in October, and the agreement reached last week on a nuclear power station to be located across the border at Daya Bay.

The Hong Kong Community had also been encouraged by statements from both sides of the negotiating table that informal contacts "to speed things up" would continue between the formal sessions.

Israel stunned by 21.1% inflation rate

BY DAVID LENNON IN TEL AVIV

ISRAEL WAS stunned yesterday by the news that inflation in October reached an unprecedented 21.1 per cent, the highest inflation in a single month in the country's history.

Although Israel has become used to high inflation, having suffered triple digit annual inflation for the past four years, last month's figure caused considerable alarm at the Treasury.

Last year inflation was 130 per cent, but with the publication of the October cost of living index, inflation for the past 12 months has reached 154 per cent. The fear is that by year end 1983 inflation may reach 175 per cent.

A sharp rise in inflation had been expected as a result of the Government's decision in early October to adopt a new economic policy, which was expressed in a 23 per cent devaluation of the shekel, a 50 per cent cut in subsidies to basic commodities and repeated rises in the price of fuel.

But even the gloomiest forecast by Treasury officials turned out to be positively rosy when confronted by the reality of October's 21 per cent inflation. This is 50 per cent higher than the previous monthly record of 13.3 per cent set in April this year.

The Central Bureau of Statistics ascribed half of the October inflation to the new government measures, but the other half was already built in. This means that inflation in November is also likely to be well above 10 per cent.

Only a day earlier, Mr Yigal Cohen-Orgad, the new Finance Minister, said that his policy was to place the fight against inflation on the back burner when he tackled the problem of the country's soaring $5bn-plus balance of payments deficit.

However, following the news that hyper-inflation may be at the country's doorstep, he may be forced by the Cabinet to revise his priorities, especially because of the enormous negative impact of this inflation figure on the voting public.

Wage earners, who two weeks ago received a 20 per cent wage rise in compensation for the inflation of the previous three months, have seen this increment wiped out by the October inflation figure.

India and Pakistan at odds

By K. K. Sharma in New Delhi

RELATIONS between India and Pakistan have deteriorated sharply recently, and troops on both sides of the border have begun intensive military exercises. Some violations of the ceasefire line in the disputed state of Kashmir have allegedly taken place.

The two countries have *exchanged sharp protests over* apparently trivial incidents which suggest that their leaders are not anxious to normalise relations along the lines indicated earlier this year.

A few months ago, India and Pakistan formed a joint commission under the chairmanship of their foreign ministers to improve economic and cultural relations. They discussed proposals for a "no war" pact and the signing of a friendship treaty. Foreign ministers were to meet again in New Delhi by the end of this year.

This possibility is now extremely remote, and independent observers attribute this to domestic events in both countries. In Pakistan, President Zia faces civil unrest against his military regime, while in India Mrs Gandhi, the Prime Minister, has witnessed agitation in states like Punjab.

In the last few weeks, both leaders have made speeches about threats from across the borders.

In the last week, President Zia has accused India of interfering in Pakistan's internal affairs

TECHNOLOGY

EDITED BY ALAN CANE

MOBILE COMMUNICATIONS FOR THE FACTORY

'Calling all trucks and pickers'

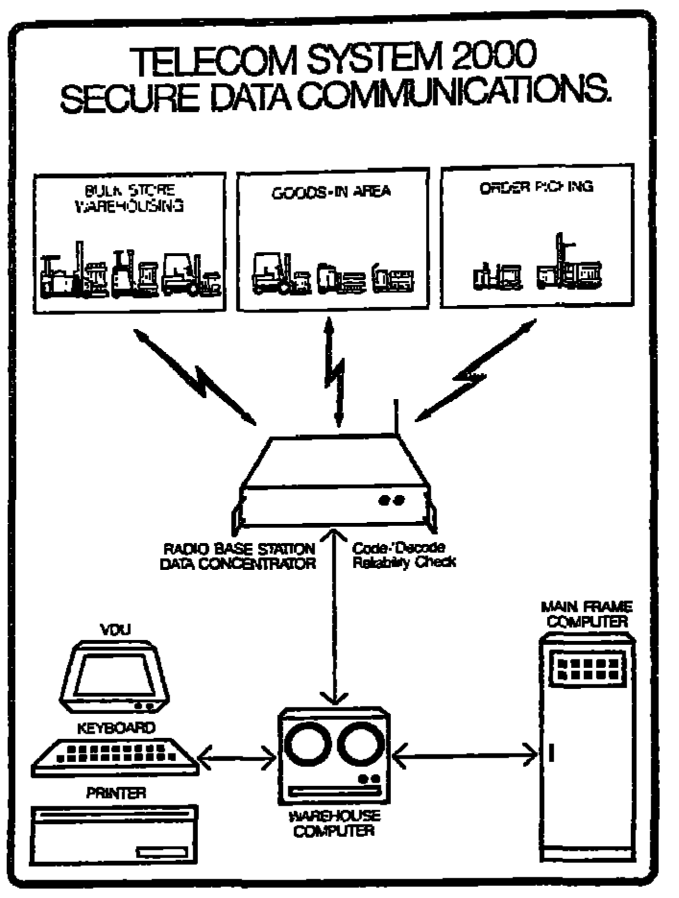
BY GEOFFREY CHARLISH

LAUNCHED INTO the UK by Jungheinrich (GB), a subsidiary of the German industrial electric truck maker, is a radio communication system that will transmit data from the warehouse computer to mobile units *such as fork lift trucks* and order pickers.

The equipment, called Telecom 2000, becomes available as a result of an exclusive sales agreement between the company and Gessellschaft fur Elektrische und Elektronische Technik of Hamburg, developers of the system.

According to Jungheinrich, up to 30 per cent of the average organisation's capacity in terms of manned trucks and order pickers is not fully exploited, basically due to lack of communication with the drivers and lack of availability to them of timely information.

With Telecom 2000 claims the company, it should become possible to distribute work loads of both industrial trucks and personnel more efficiently. At the same time there should be savings due to reduced paperwork, minimised errors and a synchronised flow of both material and information. How often, in many factories, is there a production hold-up simply because the right material is not present in the right place at the right time?



A new dimension is added to factory communications with this radio data system developed by GEET of Hamburg and offered by Jungheinrich for use on manned trucks and the automated order pickers used in stores areas. Through a central transmitter-receiver and a data concentrator, the mobile units can exchange data with warehouse computer and the company mainframe. A ten-digit part number is transmitted in about a third of a second.

Transmitter

Items carried on the mobile unit are a radio transmitter receiver (existing units can be modified) and a flat panel unit containing keyboard and liquid crystal display. The driver can therefore both send and receive alpha-numeric data concerning loads and destinations. He also is able to extract data from bar code labels where this technique is used for identifying stores items.

Data to and from up to 128 trucks is dealt with by a central radio transmitter receiver and data concentrator, itself connected by line to the warehouse computer and any associated mainframe machine. A stationary screen and keyboard terminal is line connected to the warehouse processor for stock control purposes.

The transmission of a 16 character code, comprising a 10 digit part number and a six digit storage location for example, takes only a third of a second. The radio channel is therefore occupied for only a fraction of the time that would be needed to send the same message verbally. Following transmission and reception, the data appears on the portable unit's display.

Telecom 2000 uses digital transmission at 1000 bits/sec—essentially a system in which two tones represent binary zero and one. Error correction is built in.

Infra-red

The company emphasises that the system obviates optical faults which can be caused when, say, infra-red transmission is used and also claims it to be superior to speech systems that are liable to error due to poor pronunciation.

Radio interference — which can be caused by impulse control systems on electric trucks—is minimised, it is claimed, by using a radio frequency in the 450 MHz region.

Moreover, the range of transmission — about 1,500 metres (one watt of power) — and its quality, is said to be unaffected for example, by metallic racking installations and other structures in high bay warehouses.

The company points out that very little wiring is called for and that both software and hardware can be adapted to future operational requirements.

In fact, Telecom 2000 forms another link in the "computer assistance" chain now growing in the factory environment and becoming known as computer integrated manufacturing, or CIM. The basis of this is CAD, computer aided design, followed in recent years by CAM (computer aided manufacturing).

All these systems will eventually use a common data base originated in the design department and then used to produce both enginering and manufacturing data. Clearly, in due course radio data-controlled vehicles will form a part of such factory-wide systems. More on 061 998 7919.

FIRST COMMERCIAL 32-BIT MICROPROCESSOR

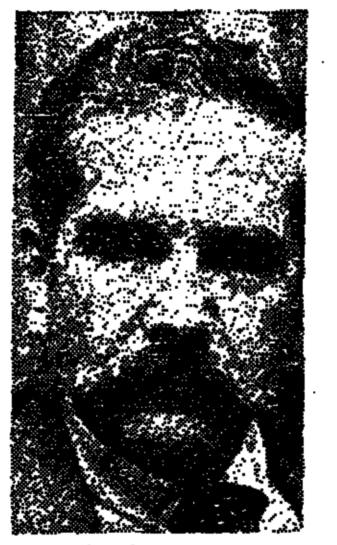
NatSemi shows the way to tomorrow's faster machines

BY ELAINE WILLIAMS

NATIONAL Semiconductor hopes to steal a lead in the microprocessor market with its new 32 bit device, the NS32032. It is the first commercially available 32 bit microprocessor.

Microprocessors form the heart of any small and medium sized computer. They are responsible for all the processing of data fed into the system and control the way in which the system will function.

At the launch of the device, Mr Charles Sporck, NatSemi's president stated: "The 32032 will take the early lead in establishing the 32 bit marketplace for microprocessors and has already been designed into a number of custom systems."



Charles Sporck

The 32 bit machines offer the benefit of faster operation and manipulation of data in computer applications. Machines of 16 bit and less suffer from the disadvantage of having to take information out of the memory several times before it can execute an instruction. This is acceptable for home computer applications but can become frustrating for business users whose volume of data processing grows.

Applications where the 32-bit microprocessor comes into its own is in the area of fault tolerant systems where computers have to keep operating even if a component fails and in high speed computers.

The market demand for the new microprocessors is being fuelled by the replacement of the minicomputers of the 1970s with the high performance micros; the need for faster processing, and the development of computer aided design and manufacturing systems which are ideally suited for the 32-bit microprocessors.

Mr Hans Rohrer, NatSemi's European Product manager, said that some markets are already emerging such as the professional computer and foresaw a change in the dedicated computer aided design station to an engineering workstation which will be a more flexible design too.

There are two other markets which are moving into the 32-bit area and that is the telecommunications and military industries. Designs in these sectors are rapidly changing and the sophisticated requirements are suited for devices such as the NS 32032.

The first version to be available will have a speed of 6 MHz. NatSemi says that this is the first time that a microprocessor has broken the one million instructions per second barrier.

Motorola's colour tv chip set

USING ENHANCED versions of both MOS (metal oxide silicon) and bipolar semiconductor technologies, Motorola Europe has developed several integrated circuits that deal with most of the essential elements of a high quality television receiver.

Both digital and analogue techniques are deployed on the chips, which cover video and sound processing, tuning and station selection, and remote control.

Motorola emphasises that the objective of innovations such as digital signal processing has to be better performance and/or lower cost. But according to Arturo Kruger, chief technical officer with responsibility in these areas, the current well publicised approaches provide "lower performance at higher costs."

He added that "these systems do not even represent an approach to the future." The determining factors will be the need for frame storage, true flicker-free images, and the advent of high quality signal sources such as the C-MAC coded direct satellite broadcasts. These have separated signal components (unlike the combined signals of terrestrial off-air TV broadcasting).

Motorola does not claim to have incorporated all these things just yet and Kruger thinks the introduction date for such chips will be in the late 80s. However, one of the new circuits, called Chroma 4, is able to deal with separated signal sources so that, whether the signal supplied to it is composite video, or separate red, green and blue components, or luminance and colour difference components, the user will be able to adjust contrast, brightness, colour saturation and hue in the ordinary way.

The chip is also multi-standard, being able to deal with PAL, SECAM or NTSC formats. Kruger claims these facilities are not matched by any other approach.

In the Motorola concept, the signal processing devices are under the control of a microprocessor, which also provides an interface to the remote control system and the tuning facilities. Station selector, remote control receiver and transmitter are in chip form and others are being developed.

Although in 1982 all the TV sets made were analogue, by 1987 Motorola believes 10 per cent will be digital, 50 per cent partly digital and only 40 per cent still analogue. By 1992 these figures are expected to become 45, 40 and 15 per cent respectively. G.C.

Towards automatic air traffic control

MESSENGER IS a new aeroplane identification and tracking radar system from Marconi Radar, representing another step on the road to automatic control of air traffic.

Using monopulse techniques for this secondary surveillance radar (SSR) instead of a continual beam has meant that Messenger is far more accurate, Marconi claims. A coded signal is sent directly to the aircraft's "black box" (or transponder) causing it to reply with details of its identity and height.

Marconi is working on a *more advanced SSR which can* directly address and question any aeroplane automatically, and Messenger is introducing the techniques which will make it possible.

Messenger also offers additional new features both in packaging and performance. More from Marconi on 0245-353221.

Graphics

CAD/CAM in colour

SOPHISTICATED interactive graphics in colour is offered to CAD/CAM users by the newly-developed model 5080 system from IBM.

Operating with the company's 370, 4300 or 30XX computers with up to 32 workstations, the system is designed for ease of use with substantial application flexibility. Designers and *engineers working on complex* drawings such as circuit board designs will benefit from the greater separation of detail that colour can bring.

The 5080, which consists of channel centre, graphics processing and display monitor units, provides high performance 3D transformation with programmable line types, area fill and programmable pattern generation within the terminal.

Four major IBM CAD/CAM applications are supported, all *of which exploit* computer power to offer improvements in mechanical and electrical draughting, design, analysis and manufacturing techniques.

A system comprising four 16-colour displays cost £92,307. More on 0705 694941.

Office systems

Japanese word star

CANON'S LATEST Japanese language word processor is said to be the cheapest on the market, priced at a little over £600.

The Canonword Mini 5 is so cheap because it uses a liquid crystal display (or LCD) unit like the ones used in pocket calculators rather than a more expensive cathode ray tube (CRT), and brings typical Japanese word processor costs down by 25 per cent, the company claims.

AMERICAN NEWS

David Fishlock looks at the U.S. stock of nuclear weaponry

A smaller but more precise arsenal

WHEN Mrs Margaret Thatcher, the Prime Minister, said earlier this week that the U.S. now had one-third fewer nuclear weapons than in 1967, and only 25 per cent of the megatonnage it had in its nuclear arsenal in 1960, she was not telling the whole story.

Her figures are a far cry from the European public perception of a burgeoning U.S. nuclear stockpile, constantly growing since the end of the Second World War. Yet they are the official U.S. position—so far as it goes.

The accompanying chart, released recently by the Pentagon, does not show absolute figures, which are still highly classified, but does suggest that the U.S. has retired far more weapons from the stockpile than it added during the 1970s.

What has actually happened is that, after an initial enthusiasm for more megatonnage during the 1950s, the emphasis has changed to increasing precision of delivery. This followed agreement between the U.S. and the Soviet Union on a test ban limitation of 150 kilotonnes equivalent of TNT—10 times the estimate of the Hiroshima explosion—in the early 1960s.

The official U.S. picture thus shows a stockpile of just two nuclear weapons in 1945 expanded to [illegible] in 1946, 13 in 1948, and 50 in 1949, when Moscow carried out its first atom-bomb test.

It expanded at an accelerating rate in the late-1950s and early-1960s, when large new sources of nuclear explosive came on-stream. The stockpile is officially acknowledged to have peaked "at a few tens of thousands" in the mid-1960s. Unofficially, this peak has been put at 32,000.

Since the mid-1960s the Pentagon says it has withdrawn many large, high-yield weapons from stock. The emphasis has shifted to smaller explosive power and greater accuracy. The Pentagon says the obsolete weapons are disassembled and destroyed, but the nuclear explosives, highly enriched uranium and plutonium, can be reconditioned and used in new weapons.

What the Pentagon graph does not show is what has been happening since 1980. This appears to have been the low point in the U.S. nuclear stockpile, from which the Reagan Administration has begun to rebuild, continuing the re-expansion policy agreed late in the Carter Administration.

According to Dr Richard Wagner, chief adviser on nuclear weapons to the U.S. Defence Secretary, in evidence to the Congressional committee on the armed services, the U.S. is planning to build from the low point around 1980 by some 13 per cent in numbers by the mid-1980s.

Each November the U.S. President signs the highly classified presidential stockpile memorandum. For 1984, the Pentagon has been asking—and is expected to get—a total of about $3.9bn for nuclear weapon spending. Of this, $1.8bn is earmarked for the seven factories which manufacture parts for and assemble nuclear weapons.

The money includes large sums for refurbishing production facilities which had been comparatively neglected during the 1970s. For example, there is $443m for construction and $114m for capital equipment. The research, development and testing programme for 1984 is put at $1.4bn.

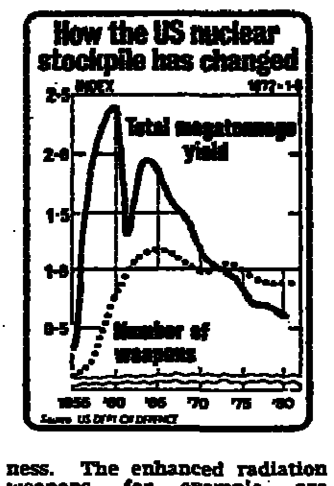
During the 1970s funding in constant dollars had declined by about 37 per cent, and employment in the nuclear weapons industry by 35 per cent.

Weapons now being retired from the stockpile include several old free-fall bombs such as the B-28, B-43 and B-53, the Nike Hercules surface-to-air missile, the Honest John short-range surface-to-surface missile, the Asroc and Subroc anti-submarine rockets, the Titan II intercontinental ballistic missile, and the U.S. Navy's Terrier missile.

The new weapons just coming into service include the well-publicised ground-launched cruise missile which has just arrived in Britain, the Pershing II, the B-83 bomb, air-launched and sea-launched cruise missiles, the 8-inch shell, known as the "neutron bomb" or enhanced radiation weapon, the Trident C-4 missile and the B-61 bomb.

Not yet in production are *some major new developments* such as the Trident D-5 missile, the 155 mm nuclear shell, the nuclear anti-submarine stand-off weapon and the Sentry anti-ballistic missile warhead.

Individually, the new weapons differ considerably in their purpose and hence their design. Common features, however, include greater safety against accidental explosion and greater military effectiveness. The enhanced radiation weapons, for example, are designed principally to knock out tanks and their crews; the Pershing II to penetrate "hardened" enemy battle management bunkers.



A new reference work* on the U.S. nuclear stockpile is being collated by three scientists in Washington, without the approval of the Pentagon, but with much help from the U.S. Freedom of Information Act.

In an interview with the *Washington* paper *Defense* Week the authors explained that their book estimates a growth in the stockpile from about 26,000 warheads this year to about 30,000 by the end of the decade. This suggests the withdrawal of about 12,000 in total, and will leave the stockpile just short of its peak of the mid-1960s.

**The Nuclear Weapons Data Book, Ballinger Books, $38.95.*

U.S. oil industry to counter offshore curbs

BY WILLIAM HALL IN NEW YORK

THE U.S. oil industry is mounting a major campaign to counter growing congressional pressure to halt exploration for oil in some of the most potentially productive areas off the shores of the east and west coasts of the U.S. and in the Gulf of Mexico.

The oil industry's concern follows a decision by Congress earlier this month to impose a one-year ban on the sale of offshore leases on 53m acres off the shores of California, Massachusetts and Florida.

This will reduce the amount of acreage available for leasing by 40 per cent and bar the oil companies from buying further exploration leases in the area off the shores of southern California, which promises to be one of the biggest offshore oil fields in the U.S.

The opposition to the oil companies centres on environmental fears and if a bill currently before Congress wins support, the present one-year moratorium will be extended to the end of this century.

The oil companies are particularly concerned about potential delays, which are in addition to extensive legal challenges at local state level, since they argue that three-quarters of the oil which the U.S. will use in the year 2000 has not yet been discovered. To keep oil reserves at present levels, the U.S. needs to discover 8.7m barrels of oil a day. Much of that could be found offshore.

Mr Charles DiBona, president of the American Petroleum Institute, told the industry's annual meeting in New York yesterday that "American attitudes regarding offshore petroleum exploration and production today, particularly attitudes within Congress, must be changed if the nation is to avoid serious trouble."

"There exists today an energy glut mentality in America—a mentality that thrives despite the fact that we import a third of the oil we use and that those imports are growing," said Mr DiBona.

"As a result, a nation which will desperately need offshore production in another decade must contend now with moratoria imposed through the federal appropriations process: restrictive amendments proposed to the Outer Continental Shelf Lands Act; and delaying lawsuits."

The U.S. oil industry fears that Congress is failing to appreciate the importance of offshore oil to U.S. energy needs and is unfairly criticising the industry's offshore record.

Paramilitary police fly to Guadeloupe after attack

FRENCH para-military police have flown to the Caribbean island of Guadeloupe following a wave of bomb attacks which injured 23 people on Monday, the French interior ministry said, Reuter reports from Paris.

The unit of 100 men was said to have flown out with five senior civilian police officers after an appeal from the island's regional council.

Grenada set for interim government

Grenada's new interim government took office yesterday, AP reports from St George's. However, the new chairman, Mr Alistair McIntyre, is not expected to arrive until later in the month. He is currently deputy Secretary General of the United Nation's Conference on Trade and Development.

Cuban President Fidel Castro accused President Reagan of "cynically lying" to the U.S. public about the invasion of Grenada. President Castro, addressing a crowd of more than 1m in Havana, said that the Grenadans themselves had killed their revolution, "because of their divisions and their colossal error." He was speaking at a rally to honour 24 construction workers killed in the invasion.

Nicaragua accused

U.S. Deputy Secretary of State Kenneth Dam accused Nicaragua of being an obstacle to peace in Central America and challenged it to agree to free elections and the withdrawal of Cuban and Soviet bloc military personnel.

Peru 'reshuffle'

PRESIDENT Fernando Belaunde Terry of Peru is considering a Cabinet shuffle in the aftermath of the Government's defeat in Sunday's municipal elections, leaders in Belaunde's popular action party said yesterday, AP reports from Lima.

Mexico surplus

Mexico recorded a massive trade surplus of $1bn for September, bringing the total surplus for the first nine months of the year to $9.6bn, William Chislett reports from Mexico City.

Satellite-to-home TV begins first broadcast

BY PAUL TAYLOR IN NEW YORK

THE FIRST commercial satellite-to-home television service was due to start broadcasting last night in the U.S.

The introduction of direct broadcasing system (DBS) service marks a milestone in the development of pay television services in the U.S. and could herald a new period of competition between cable television systems and other forms of television programme delivery.

The start of the new service also marks a major achievement for United Satellite Communications, whose major shareholders are the Prudential Insurance Company, General Instrument and a group of private investors. USC has been in a race against a host of other competitors to become the first company to offer DBS services, which are expected eventually to reach up to 10m homes in the U.S.

USC has managed to start the services ahead of other competitors, including Communications Satellite Corp (Comsat) and Mr Rupert Murdoch's News America Group. The group only last week announced, that it was further postponing the planned introduction of a DBS service, after spending $75m to lease satellite space, in order to wait for new high-powered satellites to be launched which will enable smaller roof-top dishes to be used.

USC will provide its service using existing satellite space on board a Canadian satellite, which will beam the signals to roof-top dishes initially in the Indianapolis area.

DBS systems are unlikely to pose a direct competitive threat to ordinary through-the-air and cable television services because of their limited channel capacity, but the new systems are expected to compete in rural areas and in those areas where cable wiring has proved prohibitively expensive

Around 30m U.S. households currently receive cable television services and usually pay about $25 a month for 54 channels of programming.

USC will charge customers an initial $300 fee to install a roof top dish and special equipment to unscramble the satellite signal. After that customers will be charged a monthly fee of $39.95 to receive five channels of 24-hour broadcasting.

WORLD TRADE NEWS

BAe favoured to win airliner order from Pacific Southwest

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Aerospace is now in the final stages of negotiation for a major order for its BAe-146 four-engined regional jet airliner from a major U.S. regional airline, Pacific Southwest of California.

The discussions, believed to focus on 20 aircraft, worth over £150m, have been in progress for many months, but are now understood to be approaching a conclusion.

Pacific Southwest has been studying a number of new jet types for its expanding regional network in California and adjacent States. These have included the BAe-146, the Boeing 737-300, now under development, and the projected MD-90 twin-jet.

McDonnell Douglas dropped out last weekend, when it announced that it was stopping work on design and development of the MD-90.

This has been taken as a clue that McDonnell Douglas did not think it could win the PSA order. Had it felt that it could secure an order for 20 or more aircraft, it would never have decided to stop work on that venture.

The Boeing 737-300, expected to roll out of Boeing's Seattle factory next March and enter service later next year, is believed to be too large (about 130-140 seats) and too expensive for Pacific Southwest, leaving the BAe-146 as the logical choice.

The BAe-146 which is available in two versions, seating between 80 and 107 passengers, would ideally suit Pacific Southwest's route network. The BAe-146's fuel economy and low noise volume also make it highly suitable.

British Aerospace has been working on this deal for a long time, and is believed to be able to offer the U.S. operator a sufficiently favourable financial package to swing the order.

If British Aerospace can clinch the deal, it will be its biggest order in the U.S. for many years, and will set the seal on the 146's credibility in that country, probably resulting in many further orders.

So far, firm orders for the aircraft amount to 18, with a further 20 on option. The aircraft is already in service with Dan-Air of the UK, Air Wisconsin of the U.S., and the RAF.

Learjet Piaggio invest in aircraft joint venture

BY ALAN FRIEDMAN IN ROME

MORE THAN $100m is being invested in a joint venture by Gates Learjet of the U.S. and Rinaldo Piaggio of Italy to produce a new generation of business aircraft, known as the GP-180.

The widebody turbo-jet aircraft, which will sell for $2.7m, will seat seven to nine passengers and will travel at a speed of up to 460 miles per hour. The two companies, unveiling their project in Rome yesterday, said they expected to manufacture the aircraft jointly in both the U.S. and Italy. Piaggio's headquarters are in Genoa.

Development of the GP-180 has been underway since 1978 and the first planes will not be available until 1986. But Mr Bermar Stillwell, president of Gates Learjet, said yesterday the companies had already received a number of orders.

Mr Stillwell said the joint venture should result in production of around 100 GP-180 aircraft a year.

With its unusual wide-body shape and range of 2,500 miles, the GP-180 would represent the most advanced technology in the field of business aircraft, Mr Stillwell claimed. The maximum altitude for the GP-180 will be 41,000 ft. It is powered by two Pratt and Whitney engines set on a wing close to the tail, the "pusher" propellers facing backwards. There is also a small wing under the nose of the aircraft.

The companies plan to market the GP-180 throughout the world, but it is expected that more than half of the sales will be in the U.S., which today represents 65 per cent of the world market in business jets.

Tokyo opens low interest loans to importers

By Charles Smith, Far East Editor, in Toyko

THE BANK of Japan is to reactivate from today a system under which low interest rate loans from the central bank can be used in the settlement of import bills.

Designed to encourage importers to use the yen rather than the dollar as an import currency, the loans will be extended at the Bank of Japan's discount rate (currently 5 per cent). Importers who settle bills through the New York bankers' acceptance market—the normal route for short-term import financing in Japan—have to pay around 10 per cent.

The Bank of Japan (BoJ) last offered low interest rate import financing facilities in 1978 and 1979 when Japan's trade and current account balances were in embarrassing surplus.

At that time the maximum balance of outstanding loans under the scheme reached Y240bn (£688m). BoJ officials believe that the demand for loans may be larger than this time because of expanded levels of trade. Bank of Japan import financing is intended primarily for the financing of manufactured goods imports, not imports of raw materials.

The Bank of Japan's import financing scheme is seen as an alternative to the establishment of yen bankers' acceptance market in Tokyo. This has been proposed by the Ministry of International Trade and Industry as a means of reducing import financing costs and encouraging a shift into the yen.

The Bank of Japan is believed to be lukewarm to the idea of a bankers' acceptance market.

India offered Soviet gas pipeline

By K. K. Sharma in New Delhi

RUSSIA HAS offered to build a pipeline to carry gas to India, the Indian Parliament was told yesterday.

Mr Gargi Shankar Mishra, Minister of State for Energy, said in reply to a question that during the visit of Mr V. P. Singh, the Commerce Minister, to the Soviet Union recently, the Russian State Planning Committee chairman said that his country was studying the possibility of sending the gas through the central Asian region to India.

Christian Tyler reports on an effort to make the West try harder

Japan's travelling clinic for exporters

THE JAPANESE industrialists sit like doctors, paternally chiding their cantankerous patient for not helping them to make him well again. The patient fidgets. He wants to be polite, but cannot help bursting out: "I know you mean well, doctor, but can't you *give me* something for it?"

This scene, enacted in a London conference room this week, will be repeated in four other European cities over the next 10 days. It is the Japanese market access promotion mission, a travelling clinic of high-powered industrialists sent out to dispense lotion to aggrieved businessmen.

Armed with brochures, slides, simultaneous translators, and a patter alternately soothing and stern, the Japanese are once again trying to persuade Europe that their huge trade surplus with the West really can be balanced—if only western companies would try harder in the Japanese market.

At their London "surgery," Mr Yohei Mimura, president of Mitsubishi, and his team were confronted by 10 British business samurai.

The British stepped forward and issued specific complaints and specific suggestions. But in most cases, the panel's prescription was the same—Japan is a cut-throat market where quality and price matter. Japanese consumers have no bias against imports; the seller must learn the preference of the Japanese consumer and must continually develop his product, deliver on time and modify when asked to.

Mr Ray Horrocks, chief executive of BL, asked about homologation of vehicles. Why would the Japanese not allow self-certification after central approval had been given? The Japanese system has been much simplified, he was told, and "it will fully meet your expectations and desires from now on."

Why, asked another businessman, does it take six or nine months to get a product accepted again when only its colour or the shape of the knobs have been changed? A long silence. "This could be a matter for the trade Ombudsman," said the man from Miti.

The CBI's deputy director general, Mr Kenneth Edwards, protested: "Really you have told us nothing new. We believe it is not just our own shortcomings. There must be some positive discrimination if you are to succeed in increasing imports.

The clash of cultures was constantly evident — Western impatience and frustration against Oriental imperturbability. A man from Spode, the china company, tried to accuse the Japanese of being "workaholics" with whom no-one could ever compete.

A more sophisticated version of the point was put by Mr Tom Ross, former president of Shell Kosan. He did not believe Japanese barriers were any more mechanistic than those of *other countries, nor was Japan* more guilty than others of "diluting the pure milk of free trade." It was the whole business and cultural environment that was the deterrent. "People just feel the Japanese are particularly clever at keeping foreign business out."

His suggestion that the Japanese should employ foreigners or exchange academics to identify these cultural frictions was well received.

The doctors packed their bags yesterday and flew to Brussels. From there they will continue their missionary work in Paris, Dusseldorf, Cologne and Stockholm.

Bechtel sees the Japanese coming

BY OUR TRADE EDITOR

A GROUP of Japanese businessmen were in Bechtel's San Francisco headquarters recently, politely quizzing a Board member about the state of the construction industry in the U.S.

To Bechtel, a colossus among giants, the meaning of that visit was only too clear. "The Japanese are ready to move into the U.S. in a big way," says Mr Cordell Hull, vice-president and financial officer of the group.

Not only the Japanese, but the Koreans too are increasingly active in Bechtel's own backyard: for instance, they recently won part of a contract alongside Bechtel to develop the Santa Maria oil basin off the California coast.

It is a sign of increasingly competitive times for the old-established builders of power stations, refineries, bridges, dams and airports.

On one side they are being squeezed by a scarcity of orders worldwide. Compared with the boom of the late 1970s, led and largely financed by Opec countries and their petrodollars, today's combination of recession, lower oil revenues and Third World debt has meant a dearth of new business that looks almost like a slump.

On the other side they are challenged by newcomers in the Far East, Asia and Latin America and occasionally Eastern Europe. It is a secular trend that overshadows cyclical setback.

ONE OF Bechtel's prestige Middle East contracts, the new international airport at Riyadh, capital of Saudi Arabia, will be inaugurated tomorrow. Covering 240 sq km it is designed to handle up to 15m passengers a year by the end of the century.

Bechtel's own figures—the few that this privately owned company releases — seem to tell a different story. The new work book is expected to bounce back by the year end to over $10bn (£6.7bn) worth of business, nearly double last year's and not far short of the 1980 peak of $11.3bn. Revenue from work in hand is projected to match or top last year's $13.6bn.

But Bechtel expects new orders to fall "very dramatically" next year.

The downturn is most apparent in power plant, civil engineering and mining which together account for three-quarters of Bechtel's business. The petroleum side, which operates mainly from London, reports a still-healthy order book in the North Sea and the Middle East and "reasonable" prospects in the Far East.

Bechtel is also finding its European competitors increasingly hard to beat, whether in their own markets or in third countries. The persistent strength of the U.S. dollar is one reason. Another seems to be the aggressive project financing support European contractors get from their governmental agencies.

To qualify for that support, Bechtel is doing an increasing amount of its procurement abroad.

Fixed-interest lending for big projects is controlled by an OECD agreement known as the Consensus. But within the rules there is room for what Mr Hull calls "flexibility." The West Germans, Americans and British are the greatest sticklers for the rules, with the Japanese reasonably so.

"The more you need the business, the more imaginative you can become," he said. This is where the French excel: Mr Hull described their combination of mixed credits and diplomatic intelligence gathering as "brilliant." As for the Italians, well, they are the most flexible of all.

Bechtel finds the U.S. Export-Import Bank "vacillating" in its level of support for U.S. exporters. It is now pressing the Bank to give export credits for consultancy services as well as hardware, arguing that consultancy contracts can often bring hardware orders to U.S. manufacturers and that the benefits of Eximbank support might thus be distributed more widely.

Bechtel complains, too, that it is handicapped by the U.S. taxation system. "We face extra-territorial federal taxes on our nationals overseas which raises the cost to us. Today we often send British or Canadian nationals instead," Mr Hull said.

Bechtel's answer to the challenge from Europe and the East, says Mr Hull, is to look increasingly for joint ventures, to concentrate on the higher-technology end of the building business, to move further into project management and to deploy its expert teams in rehabilitation and maintenance of existing installations.

Bechtel sees some of the best future markets lying across the Pacific in Indonesia, Malaysia and above all China. If and when the Japanese make their expected full-scale landing in the U.S., they are likely to meet a lot of Bechtel men going the other way.

Brazilian mission in Africa to boost trade

By Andrew Whitley in Rio de Janeiro

PRESIDENT Joao Figueiredo of Brazil arrived in Lagos yesterday at the start of a five-nation African tour aimed at promoting trade and political ties with a region earmarked for special attention by Brazilian businessmen.

After Nigeria the Brazilian President, accompanied by a small group of ministers and businessmen, is to go on to Senegal, Guinea-Bissau, Algeria and the Cape Verde Islands.

In Lagos, the Brazilians are hoping to achieve a break-through into the Nigerian arms market, traditionally dominated by Britain, offering their successful armoured cars and light tanks.

Petrobras, the Brazilian state oil company, is meanwhile, competing with several major European companies for the right to refine Nigerian crude oil which would then be re-exported back as products. Nigeria is also viewed by Brazilian vehicle manufacturers, notably Volkswagen do Brasil, as a major market in the future—in competition with the French and Japanese.

However, Nigerian officials are reported to be insisting on reciprocal hard currency repayments, rather than the barter-type arrangements Brazil was interested in making.

U.S. trade with Iran increases

By Francis Ghilès

TRADE between the U.S. and Iran has increased dramatically during the first nine months of the year according to U.S. Government figures. Exports to Iran jumped 81 per cent to $145m while imports from Iran, mainly oil, more than doubled to $786m.

This latter figure probably underestimates the extent of U.S. goods flowing into Iran as official Iranian reticence to acknowledge direct ties with the U.S. means that many U.S. exports to Tehran move into Iran through third party countries, according to the New York-based Mideast Report.

Overall the U.S. trade surplus with Middle East countries increased threefold to $6.72bn, its imports from this area declining by half to $11.4bn.

You probably have a pension plan. Spare a thought for the millions who don't.

To be exact, 9½ million employed people are currently looking forward to a stunning drop in their living standards when they retire.

And it's not by choice.

Given the chance, most of them would willingly contribute to a company pension scheme.

Few, however, are given the chance. For the simple reason that most small to medium sized companies can't find a pension plan that they can afford, either in terms of money or administrative man hours or both.

WE SPARED A THOUGHT.

Abbey Life believes that it is the insurance industry's responsibility to make sure such a plan exists. So we have now designed it ourselves.

It's called Pension Builder Plus and is a unit linked plan set up under a Master Trust. This means it offers companies complete financial control while almost eliminating the legal and administrative involvement that most find so daunting.

We know it will be a success if for no other reason than that it is the first plan of its type to offer sensible solutions to the real problems most companies face today.

REALISM.

Pension Builder Plus is typical of the realistic approach that has characterised each of our new products over the past few years.

Look at CoverMaster. This was the first life assurance policy to realise that most families need more life cover at a time when they can least afford to pay for it.

That particular brand of realism was welcomed with open arms–CoverMaster went straight into the country's top 3 policies for new business and has stayed there ever since.

And the industry showered flattery on us by imitating its features in some 15 other plans over the same period.

Our MortgageMaster talked the same sense to the same sort of people. It was the first unit-linked plan specifically designed to help home buyers and is now accepted by over 60 Building Societies as collateral.

Another success. And also, we are again flattered to report, greatly imitated. And with our WealthMaster and new Ten Plus plans we have brought a whole new sensible flexibility to savings schemes in this country.

INVESTMENT SKILLS.

All these policies, we believe, indicate that no life company is closer to the real insurance and pensions needs of contemporary society than Abbey Life.

And that no life company has more of the essential investment skills to meet those needs. This can be quantified. At the time of going to press, Abbey's Self Employed Annuity rates had appeared top in at least one of the key ages of the Rate Guide every week this year.

Our Guaranteed Income Bond and Immediate Annuities both have a similarly successful record.

Overseas, our American fund has increased since its launch in Sept. '80 by no less than 90%. In only six months the Japanese fund has increased by more than 26%.

These are just a few examples of investment skills that, in terms of new business, have made Abbey Life one of the largest life companies in the United Kingdom. The Abbey Life Group has in excess of £1,475 million assets under management.

AND A SINGLE MINDED APPROACH.

Life assurance and pensions are our business and our only business. We don't dilute our commitment through diversification. We don't believe in cosmetic products rushed out to make a quick killing.

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We would like you to know more about Abbey Life and our individual policies. Phone Peter Milton on 0202 292373, or write to him at Abbey Life Assurance Co. Ltd., 80 Holdenhurst Road, Bournemouth BH8 8AL.

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WE MAKE LIFE ASSURANCE AND PENSIONS WORK HARDER. FOR EVERYONE.

Walker raises doubts over state energy sale

BY ROBIN PAULEY AND IAN HARGREAVES

MR PETER WALKER, the Energy Secretary, yesterday offered qualified support for the privatisation of the gas and electricity industries.

In his first major speech on the subject, delivered to an FT conference in London, Mr Walker said he wanted to see substantial further privatisation during the lifetime of this Government, but he warned of several of special difficulties which applied in privatising the energy utilities.

Mr Walker also warned his Cabinet colleagues that the Conservative Party could not win another general election with unemployment at present levels.

His main message on privatisation was that it required caution and detailed planning if it was to win the support of those who work in the industries affected, and be of real benefit to the country.

Special problems applied in the energy field, he said, because of the risks of creating a private sector monopoly instead of a public sector monopoly. There would need to be a strong regulatory regime and that would affect the marketability of shares.

He also pointed out that the £47bn of capital employed in electricity, gas and coal exceeded the combined annual issue of new equity and government securities. Care would be needed about the timing of such a heavy call on the markets.

"We want a major programme of privatisation which succeeds and works and which basically has the support of industry as a whole. We must be very careful," he said.

In stating so strongly the importance of heeding the industries' own views on privatisation, Mr Walker was clearly distancing himself from the more swashbuckling approach of Mr Nigel Lawson, the Chancellor of the Exchequer.

Mr Lawson and the Treasury take the view that both gas production and marketing, along with showrooms, could be sold off separately.

Conference report, Page 13

AIRLINES OPPOSE BID FOR ROUTE LICENCE

New York air link challenged

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FIERCE OPPOSITION to the plans by British Midland Airways (BMA) to fly between Manchester, Prestwick and Glasgow (Abbotsinch) to New York emerged yesterday, when the Civil Aviation Authority began public hearings in London into the BMA bid for a route licence.

Not only are British Airways and the British Airports Authority lodging objections, but Air Canada is also an opponent.

The fiercest opposition came from the British Airports Authority, which argued in a pre-hearing statement that any changes in current government policy on the use of airports in Scotland could cost up to £40m – none of which British Midland would have to pay, but which would be borne on the airports authority's budget.

The authority said that approval for BMA's plan to fly transatlantic from Glasgow (Abbotsinch) "would call for a complete change in government policy towards the allocation of traffic between Scottish Lowlands airports."

Prestwick is currently designated as the Scottish long-haul gateway to the North Atlantic air route. Any changes in that policy, said the authority, "would mean writing off assets at Prestwick valued at £25m, and would require expenditure of £15m at Glasgow to make it suitable for long-haul traffic" – a total of £40m.

At present Glasgow (Abbotsinch) is used solely for short-haul UK domestic and international traffic. To make it suitable for long-haul traffic would require "significant investment in passenger handling and operating facilities."

Prestwick, which handles about 247,000 passengers a year, employs over 800 people. Its North Atlantic traffic, both scheduled and charter, *rose by 12 per cent* in September. The airport there is at present subject of an application to the Government to be designated as a freeport.

Air Canada, although not directly represented at the public hearing, has protested against BMA's plan in writing to the British Airports Authority.

Air Canada fears that any rival services from Abbotsinch would result in it losing much business through Prestwick to both the U.S. and Canada that it has built up over many years.

Unions threaten to disrupt imports of milk

BY DAVID BRINDLE, LABOUR STAFF

TRADE union leaders have threatened to disrupt any imports of foreign milk allowed into Britain from today under new government regulations.

Although there will be a full debate on the issue tonight in the House of Commons, the ban on imports of ultra heat-treated (UHT) and sterilised milk was lifted from midnight after the European Court ruled that the United Kingdom was unfairly discriminating against UHT milk from other EEC countries.

The unions, who fear that jobs may be lost in the UK milk industry as a result of cheap imports, yesterday warned that their campaign to protect the doorstep delivery of milk, a long-established British custom, would lead to industrial action.

Mr Jack Ashwell, national secretary of the commercial services section of the Transport and General Workers' Union, said he expected French-style demonstrations and "blockades" of the ports involved. Dock workers might also be asked not to work on any containers carrying milk imports.

Mr Garfield Davies, national officer of the Union of Shop, Distributive and Allied Workers, said: "We will be reacting according to the circumstances, but we are certainly not going to expose our members to more and more job losses."

Usdaw and the TGWU have been running a joint campaign against the Government's plan to lift the ban on imported milk. A petition bearing a hoped-for one million signatures is to be handed in at 10 Downing Street on Thursday.

The two unions say that an average fall of between 5 and 10 per cent in doorstep milk sales would make rounds unprofitable and would put at risk 75,000 jobs in the industry. They say jobs would also be threatened in the electric vehicle and road haulage industries.

The chief worry is not that imported UHT milk will take a big market share, but that cheap sterilised milk – which already meets about 6 per cent of milk demand – will soar in popularity.

● The price of milk in the UK is still among the highest in the EEC, claims a new survey published yesterday by the Consumers' Association, David Churchill writes.

The survey showed that the UK price of 21p a pint was only just behind the 21.5p per pint cost in Italy. Luxembourg came next, at 18.5p per pint, followed by France (18p), and Denmark, Greece, and the Netherlands, all at 17.5p a pint. In Germany a pint cost 16.5p, while in Ireland it cost 16p.

"The survey shows that Britain's shoppers are still paying too much for their milk," claimed Dr Bill Roberts of the association's magazine "Which?". "The reason prices are so high is that there's no competition – which is why we believe it's so important for the Government to allow the sale of imported UHT and sterilised milk from the EEC."

Holdings of BT shares to be limited

THE GOVERNMENT plans to prevent any single investor from owning more than 15 per cent of British Telecom (BT) when shares in the organisation are offered for sale next year.

Mr Kenneth Baker, Minister for Information Technology at the Department of Trade and Industry, said in a letter to Mr Andrew Rowe, MP for mid-Kent, that the restriction would be included in BT's articles of association and would prevent foreign investors from nominating directors.

"This 15 per cent limit will keep individual shareholders below the level *which normally enables* a shareholder to secure the appointment of his candidate to a company board," Mr Baker said.

Similar restricitons were imposed on the sale of government holdings in Cable and Wireless and British Petroleum.

Mr Baker also sought to rebut accusations by BT's unions that privatisation could jeopardise BT's ability to provide telecommunications services essential for defence and national security. He said that BT's draft licence and the Telecommunications Bill contained special measures to safeguard these services. He was confident that privatisation would not prejudice the use of BT's network *in emergencies*.

● NOVOTEL, the French hotel group, has acquired the Cunard International Hotel in London from Trafalgar House in a deal worth £14.5m. The group plans to spend £2m on refurbishing the hotel with a view to developing its appeal to French visitors in London.

● *BRITISH TELECOM* (BT) appears to have held back from sacking about 50 members of the Post Office Engineering Union who have been on strike in central London against the privatisation of BT. Neither BT nor the POEU revealed the outcome of yesterday's talks over the threatened sackings, but it seems likely that BT held back on condition that the union agreed to instruct a number of its members to resume normal working.

● GENERAL MOTORS' car sales topped those of BL during the first 10 days of this month. GM, using the Vauxhall-Opel brands, gained an 18.2 per cent share of the market compared with BL's 17.4 per cent.

Shell strikers spread secondary picketing

BY BRIAN GROOM, LABOUR STAFF

SHELL OIL refinery workers on strike over a 4.5 per cent pay offer increased their challenge to the Government's labour laws by spreading secondary picketing around the country in defiance of the Employment Act 1980.

Their action comes on the eve of a crucial meeting today at which Shell will try to prevent its 1,750 tanker drivers and depot workers from stepping up an overtime ban over a similar pay offer into an all-out national strike.

The refinery workers' picketing has halted deliveries of Shell petrol and oil products from six terminals and the Barton lubricants plant near Manchester, which together account for more than one-third of the company's tanker drivers.

Terminals affected are at Stanlow and Haydock in the North-West, Shellhaven in Essex, Wandsworth, Ipswich and Buncefield near Hemel Hempstead. The rest of *Shell's 33 general terminals and its* 11 airport centres are suffering only from the effects of the drivers' overtime ban.

The dispute has exposed the limited usefulness of the 1980 Act's secondary picketing provisions. Three weeks ago Shell obtained High Court injunctions restraining two Stanlow refinery stewards from organising pickets at Haydock.

Picketing has continued by other workers and Shell has made no further moves to enforce its legal action. These could exacerbate the dispute, and Shell appears unwilling to risk putting its employees in prison.

Apart from those terminals halted by picketing, the drivers' overtime ban and work-to-rule is causing only limited disruption. The company said drivers at Killingholme, Humberside, Torksey near Leeds, Caernarvon in North Wales, and Dalston near Whitehaven were working normally.

Shell meets negotiators from the Transport and General Workers' Union (TGWU) today, and a shop stewards' conference will be held on Friday. Stewards are threatening a strike if the 4.5 per cent is not improved.

Guinness Peat wins Moorside takeover

BY DAVID LASCELLES

GUINNESS PEAT won approval from its shareholders yesterday for the controversial £20m takeover of Moorside Investment Trust, paving the way for a major recapitalisation of the ailing financial services group.

At a London meeting shareholders cast 45 per cent of their votes in favour, and 36.5 per cent against; a firm, though not overwhelming show of support for management which said the deal was vital to the group's recovery from years of crippling losses and debts.

Despite the publicity and strong feeling sparked by the deal, the meeting was an orderly affair lasting less than an hour at which only one person attacked the deal with any passion. He was later found not to be on the shareholders' roll.

Virtually all the dissenting votes were cast by the family of Lord Kissin, who founded Guinness Peat, and the Cofi group of Italy, whose director Dr Giorgio Rossi recently resigned from GP's board over the terms of the deal. Both factions believe GP has put too cheap a price on the shares it intends to issue to pay for Moorside.

Mr Alastair Morton, who took *over as chief executive* nearly two years ago when GP was deep in the red, said he was delighted by the heavy turnout. "Now we can get on with running the company with a decent balance sheet behind it."

Mr Robert Kissin, the son of Lord Kissin and a GP director, who represented the Kissins at the meeting, said before the vote was taken that he would accept it if it went against him.

The acquisition is designed to boost GP's capital and reduce its large bank debt. GP will pay for Moorside by issuing up to a third more shares, and will then liquidate the trust and use the proceeds to strengthen its balance sheet. It should emerge with a higher net worth and healthier capital ratios.

Germany 'most rewarding' for small companies

Low rating for Britain in survey on business opportunities in the European Community

SMALL BUSINESSES ambitious to make big profits should establish themselves in the Federal Republic of Germany or in Greece – but they should steer well clear of the Republic of Ireland, the United Kingdom and Italy, Tim Dickson writes.

This is one of the main conclusions of a controversial new study which compares the legal and economic environment for small businesses in the 10 member states of the European Community.

Research for the report, whose main findings were disclosed yesterday, but which will not be available in full until next month, was carried out by the Economist Intelligence Unit (EIU).

The conclusions challenge not only the Conservative Party's sometimes extravagant claims on behalf of small businesses in Britain, but also the conventional wisdom that Italy has a thriving small business sector.

The study found that "competitive conditions for business in the Community are seriously obstructed by great variances in the social and economic regimes within which business enterprises operate."

Companies with fewer than 500 employees were covered by the study, but in some cases the survey was restricted to the business climate of the capital city of a country.

Six environmental factors were taken into account – labour (costs and employment legislation), premises, taxation, access to capital and credit, economic activity and discriminant legislation.

Discriminant legislation and labour were given the biggest weightings, with capital third and premises and economic activity considered of lesser importance.

Although the UK came top of the taxation league, it achieved lowest marks for labour, premises and discriminant legislation.

"We felt that where a Government does not discriminate in favour of small businesses, it is automatically discriminating against them," Mr Vernon Weaver, former administrator of the U.S. Small Business Administration (SBA) said.

HOW THE COUNTRIES RANKED

1. Federal Republic of Germany
2. Greece
3. France
4. Netherlands
5. Denmark
6. Belgium
7. Luxembourg
8. Republic of Ireland
9. United Kingdom
10. Italy

Interest shown in acquiring IBH subsidiaries in UK

BY LORNE BARLING

THE FUTURE of more than 1,000 jobs in two leading UK construction equipment companies, Winget and Blaw-Knox, are now in the balance following the collapse of their West German parent, Wibau AG and IBH Holdings.

The two British companies, employing around 350 people at Gloucester and a further 650 at Rochester and Watford, are in the hands of the receiver. However, it appears there is considerable interest from prospective purchasers.

Mr Archie Thomson, managing director of Wibau UK, said both companies had benefited from investment since they were bought by Wibau from Babcock International, the UK engineering group, in September last year. Their turnover this year had been expected to be around £35m.

He admitted that there could be problems concerning money owed to the UK company from sales subsidiaries of the German company in France and the U.S. whose assets would be frozen.

In the UK, short-time working was expected to increase initially at both companies.

Winget manufactures a range of small dumpers, concrete mixers and similar light construction equipment at Gloucester, while Blaw-Knox at Rochester is a leading producer of road paving machinery.

Mr Thomson said Winget had recently consolidated all its activities at Gloucester, shutting down surplus facilities. It had benefited since the start of the year from improved activity in the UK housebuilding industry.

Blaw-Knox had also performed well, with the result that Wibau UK had made a small operating profit in the first half of this year, compared with losses during the past two years under the ownership ob Babcock.

But he admitted that the company was highly geared and during the early part of this year attempts had been made to restructure its borrowing. This had not been possible due to the problems of the German parent company.

"We did derive some technical advantage from Wibau, which allowed us to improve our product range and increase the volume of our business," Mr Thomson said, adding that UK market conditions had begun to improve.

He believed the trend towards profitability would have continued but for the German collapse, and that there was strong brand loyalty. The receivers, Mr Nigel Hamilton and Mr Bill Mackey of Ernst and Whinney, said the UK companies position was greatly complicated by the international aspects, and that contact had yet to be made with the German parent.

It was likely, however, that the British manufacturing operation would survive in view of the strength of the products, and the strong initial interest from possible purchasers.

● GEC Turbine Generators is cutting 650 jobs at three of its four UK factories as a result of falling world demand for power generated plant.

PROTESTS FOLLOW ARRIVAL OF CRUISE

Demonstrator sprays paint at Heseltine

FINANCIAL TIMES REPORTER

MR MICHAEL HESELTINE, the UK Defence Secretary, was sprayed with red paint yesterday when he arrived to speak at a Conservative students' union meeting at Manchester University. The paint was sprayed over his face and hair by one of 200 demonstrators outside the union's headquarters.

The Defence Secretary looked shaken, and he was then kept in a corridor for 50 minutes by jeering demonstrators who prevented him from entering the debating hall. Police eventually forced a way through for him and, as he walked onto the platform, two eggs were thrown.

His speech was continually interrupted. About 50 people in the audience chanted "jobs not bombs" and the protests cut his speech from a planned 45 minutes to 10 minutes.

Mr Heseltine said that for Britain to abandon its commitments would be to send a message to Mr Yuri Andropov, the Soviet party chairman, that the British Government could be intimidated "by the sort of tactics that have been involved here this morning."

The demonstrations came the day after the arrival of the first U.S. cruise missiles in Britain. Mrs Joan Ruddock, chairman of the Campaign for Nuclear Disarmarment (CND), said the arrival of the missiles was not the end of the battle "but the beginning of a new phase of the peace movement." CND said it intended to make deployment of the missiles physically and politically impossible.

Mr Richard Weaver, of Manchester University CND, said yesterday that they regretted the disruption to Mr Heseltine's meeting. "CND were not connected with the interruptions. It was the Socialist Workers students' organisation and the Revolutionary Communist Party."

Mgr Bruce Kent, CND's general secretary, said he condemned the paint attack on the Defence Secretary. CND's policy on direct action was that it should be non-violent and well considered. "The spraying of paint on Michael Heseltine was neither of these and we condemn it."

On Monday Mgr Kent was sharply criticised by leading Conservatives, including Mr Heseltine, for praising the British Communist Party's involvement in the peace movement. Mgr Kent had attended the party's congress in London on Sunday and said, "My appearance here is something I owe you, and we owe you, for what has been happening over these last few years.

"During the lean years of disarmament, when very little appeared to be going on, the Society of Friends and the Communist Party were two groups which did an enormous amount to keep the flag waving when others had gone away."

He added: "I have never known any actions where the Communist Party has attempted to achieve sectarian advantage, to manipulate or to manoeuvre for victory out of the CND." Later, he described the British Communist Party as "by no means pro-Soviet."

Mr Heseltine on Monday accused Mgr Kent of "carrying naivety to the point of recklessness." Mr John Selwyn Gummer, the chairman of the Conservative Party, called for Mgr Kent's resignation from CND. "His judgment endangers us all," he said. "He's either congenitally confused or purposely blind. Unilateralists and multilateralists can unite on one thing – Bruce Kent must go." Labour MPs defended Mgr Kent.

Cardinal Basil Hume, Archbishop of Westminster and head of the Roman Catholic Church in Britain, has called for a transcript of Mgr Kent's speech and asked to see him later this week to discuss it. There has been previous criticism of Mgr Kent for engaging in politics while ordained as a priest.

Sir John Biggs-Davidson, a Conservative MP and a Roman Catholic, asked Cardinal Hume to "review the position" of Mgr Kent after the latter's speech at the Communist Party congress. The Cardinal's office issued a statement saying, "It has always been understood that although, given premission by the Cardinal to undertake work with CND, Mgr Kent speaks in his own name and not on behalf of the Roman Catholic Church."

UK NEWS

Walker warns Tories over unemployment

BY ROBIN PAULEY AND MAX WILKINSON

THE CONSERVATIVE Government has no prospects of being elected for a third term with unemployment in the UK at its present levels, Mr Peter Walker, Energy Secretary, told the Financial Times Conference on the Second Thatcher Government in London yesterday.

"It would not be possible for the Government to go twice to the electorate with unemployment at that level," he said. Many of the 3m unemployed had voted Conservative, but could not be expected to do so again unless the position improved.

The first Thatcher Government had done a great deal to help the young unemployed. "But for many the training schemes will be coming to an end and they will become exceedingly frustrated if there is no active opportunity for them. If we continue with sustained unemployment of the young, the repercussions will be profound on society and the economy," Mr Walker warned.

It was vital to create new opportunities and new work patterns, to expand and extend work availability, and to reduce unemployment with new ideas about the problems posed by new technology removing more jobs than it created.

If priority was not given to tackling these problems, there could be a tendency over the next 10 to 15 years for unemployment to rise which would lead to divisiveness "which would totally destroy society as we know it."

FINANCIAL TIMES

THE SECOND THATCHER GOVERNMENT

CONFERENCE

Sir Nicholas Goodison, chairman of the London Stock Exchange, said he hoped the Government would do more to help many employees become shareholders. "I wish more companies would take advantage of the tax-favoured profit-sharing and Save As You Earn schemes, and so help to bring about a capital-owning democracy."

But the Government had to sort out the tax muddle. The tax system had distorted the market in savings, and the flow of these savings into industry. "Sir Nicholas said that, despite the alleviations introduced by the first Thatcher Government, taxation punished the direct ownership of shares.

The need for reform was urgent and the Government's laudable policy of wider share ownership would fail unless these taxes were changed, he said.

Mr David Mitchell, junior Transport Minister, like many of the speakers at the conference, raised the theme of competition, the private sector and the opportunities presented by the sale of public assets. "Our philosophy and principle

Mr Walker: No Conservative re-election with present unemployment.

is that the pattern of transport should be decided by customer choice with competition providing the options," he said. Wherever practicable, that could best be achieved in the private sector.

The programme for this parliament was to continue the privatisation programme, increase competition and to treat those industries which remained in the public sector where the Government was the controlling shareholder "in as business-like manner as possible."

Mr Alastair Morton, chief executive of the Guiness Peat Group, strongly supported the Government's philosophy of asking every nationalised company: "Why is this publicly owned?"

The so-called privatisation programme did not create privatised companies but hybrid companies, with the Government usually holding 22, 31 or 49 per cent of shares plus, sometimes, the Golden Preference Share. This allowed it to outvote all others in, for example, Britoil and Cable and Wireless. But this share was a nationalistic tool, not a policy tool.

The need for leadership in every sphere, not just at 10 Downing Street, was underlined by Mr W. B. Miller, group managing director of Prestwick Holdings. In years to come people would look back with sorrow on the opportunities the trades unions had missed in giving positive leadership to their members.

The whole issue of privatisation was beset by intellectual chaos and continuing confusion in Whitehall, although there were indications that the second Thatcher Government was "getting its public act together" more coherently than the first.

The time had come for Britain to make up its mind about the Common Market. Sir David Nicholson, chairman of BTR, said. "It is no longer a question of whether we come out but whether we go properly in," he said. It was unacceptable to have a Common Agricultural Policy but no policies for energy or transport which affected industry so much, or a common industry strategy.

Sir Peter Carey, a director of Morgan Grenfell Holdings and former Permanent Secretary at the Industry Department, chaired the first day of the conference.

When North Sea Oil ran out, he said, Britain would need an industrial structure capable of earning a living in the world.

Economic prospects are getting worse

Mr Andrew Britton, director of the UK National Institute of Economic and Social Research told the conference that the next forecast by the institute, which was due later this month, would reflect a continuing pessimistic view of the prospects for the British economy.

A major turning point, he said, was the Conservative Government's refusal to take action to soften the impact of the recession in 1979.

In 1984, after five years of the new policies, unemployment would have risen from 5 per cent of the labour force to about 13 per cent, relative cost competitiveness would have deteriorated, manufacturing output would have fallen and consumption would have risen as a proportion of total spending while the share of investment would have fallen.

Against this he said: "If the threats facing the economy at the end of the 1970s were runaway inflation and the destruction of profits by unequal bargaining in the labour markets, then the strategy of the first Thatcher Government has indeed moved these threats."

This view of the effects of the Government's policies suggested that the recession had had a lasting and damaging effect on the size and quantity of the country's capital stock. This was matched by a damaging effect on the stock of human capital through the neglect of training.

The challenge for the second term of the Government was whether it was prepared to take any action to soften the next cyclical recession.

He said: "The option of tax cuts serving both to stimulate demand in the short run and to help incentives in the longer run is a very real one. The Government possibly may, and probably should, adopt it."

Mr Samuel Brittan, chief economic commentator of the Financial Times, proposed that the sale of national assets should take the form of free handouts of shares to the whole population.

This, he said, would help to promote the advent of a property-owning democracy which was desirable for more general reasons. A general distribution of shares would remove the present dilemma about regulation of the new private monopolies to prevent them from making excessive profits. This would also greatly lessen the threat of re-nationalisation by a future Labour government.

More generally, a wider ownership of capital was highly desirable to offset the effect of new technologies in making capital more highly priced than labour. A shift in market rewards away from labour towards capital would not be a disaster if capital were more generally distributed.

Lord Ezra, former chairman of the National Coal Board, and now adviser to the Morgan Grenfell, the bankers, said the policy of privatisation would become more difficult as the obvious candidates were dealt with.

Each nationalised industry needed to be examined in detail, rather than applying a general "political" solution to them all. For example, it would be foolish to privatise the national railway, gas, electricity or telecommunications networks.

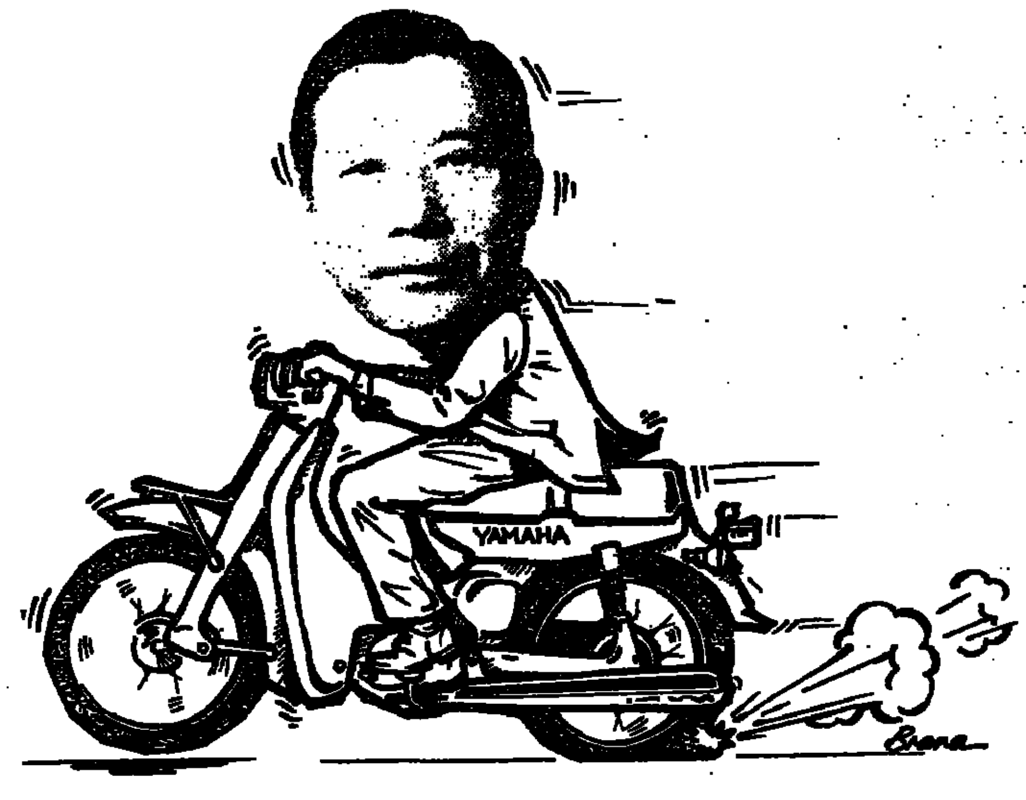
There was also a major question whether it was sensible to put into private ownership the very large enterprises like British Airways

THE MANAGEMENT PAGE:

EDITED BY CHRISTOPHER LORENZ

Why Yamaha was forced to retrench

Charles Smith on a battle that backfired for supremacy in Japan's motor-cycle industry



THE BATTLE FOR MARKET SHARE

	Production (m. units)				Share of domestic market (%)			
	1980	1981	1982	1983*	1980	1981	1982	1983*
Yamaha	2.24	2.79	2.66	0.82	35	36	33	29
Honda	3.09	3.59	3.64	2.61	43	39	46	49

* Yamaha figures are for the first six months of 1983; Honda figures are for the first nine months of the year.

JAPANESE companies are renowned for spending far more time than their Western counterparts on decision-making, and for following through with a blind determination once they have set a course. Sometimes, however, a variant on this pattern seems to occur. Companies that have not done their homework adequately have been known to demonstrate the same amount of dedication in trying to implement a mistaken strategy, thereby heading straight for disaster — or for a situation in which banks have to come to the rescue.

The spectacular reconstruction of Toyo Kogyo, Japan's number three car maker, in the mid-1970s after the company had gambled unsuccessfully on the future of the rotary engine, is one example of what happens when a Japanese company starts heading down the wrong road with too much enthusiasm. Recently, the number two motor cycle manufacturer, Yamaha Motor, became another example of the same phenomenon. Some time in 1980, when the Japanese motor cycle market was showing apparently healthy growth, Yamaha decided to launch a drive to overtake Honda as the leader in the domestic market mainly by pushing sales of the small 50 cc bikes in which the company specialises.

The result, three years later, is that Yamaha's motor cycle division, which accounts for about 70 per cent of its turnover, is operating at less than 30 per cent of capacity as the company struggles to unload stocks running into hundreds of thousands. Yamaha is expected to pay for its rashness this year with losses of around Y33bn (nearly £95m) and to register another substantial loss in 1984-85.

None of this means, however, that Japan's (and the world's) second largest motor cycle manufacturer is finished as a company. The mood at Yamaha's headquarters near the west central city of Hamamatsu is certainly sadder and wiser than that of two years ago, but the main accent seems to be on learning from the company's monumental misjudgements rather than accepting that Yamaha has finally lost out in the battle to sell motor cycles.

According to Hideto Eguchi, the man who took over as president this summer after the former top management had resigned because of their responsibility for the company's errors, there were at least three major reasons why the Yamaha "beat Honda" strategy came so badly unstuck in 1982. Eguchi claims that there was a misunderstanding from the start between his predecessors in the boardroom and the company's rank and file middle management about how seriously the strategy was meant to be taken. "The leaders had to say 'some day we'll beat Honda,'" Eguchi says, but initially this was meant more as a rallying cry than as a blue-print for stepping up production.

Eguchi adds that, at the time Yamaha launched its offensive, there was already significant over-production in the Japanese motor-cycle industry though this fact seems to have been ignored or overlooked by all the main companies. The big producers turned out 7.5m units in 1981 but sales (including exports) came to only 7m units.

Eguchi says that at the start of 1982 when Yamaha was getting into top gear in its battle against Honda all the main *motor cycle manufacturers* published very large sales and production target figures—and then broke with tradition by actually implementing them.

"During the early part of the year," Eguchi says, "we had our own ex-factory shipment figures and those of our competitors to go on, but we could not keep track of actual sales." The reason for this was that, while the Japanese Government publishes figures for registrations of "sports" bikes (those with large engine capacity), it does not release figures for 50cc registrations. It was in the 50cc market, where overall market shares tend to be determined, that Yamaha was mounting its maximum efforts.

Eguchi says that Yamaha's top management finally began to realise by the middle of 1982 that a serious gap was opening up between its ex-factory shipments and the actual trend of sales in the home market. When the company did realise the problem it cut production by 700,000 units from 2.9m to 2.2m units per year.

This initial cut, however, turned out to be not nearly enough. By early 1983, with Japanese domestic stocks close to double normal levels the company decided to cut back production to 1.5m units a year or barely more than 25 per cent of its capacity. A few months ago the cut was deepened further, to 1.38m units.

Eguchi cites lack of information as the most serious factor behind Yamaha's disastrous miscalculation in its war against Honda. However, there seems no doubt that Honda itself also contributed significantly to Yamaha's discomfiture. In 1981, when "normal" competition was under way in the Japanese motor cycle industry, Honda came out with 27 new models, or roughly the same number as Yamaha itself. In 1982 this number was upped to 45 (or nearly one new model per week) as Honda switched design staff from its four-wheeled vehicle divisions to its motor cycle division.

Honda's new models meant more competition for Yamaha *in its stronghold* at the lower end of the domestic market but also led to the spread of discounting on sales of older models. Eguchi says there is an understanding among domestic motor cycle dealers in Japan that discount will not be offered to customers on a new model until a year after it has hit the market. The deluge of new models in 1982, however, meant enormously increased pressure on dealers to unload their old models.

A final, and rather ironical, reason for Yamaha's unsuccessful embroilment in the H-Y sales war (as the Japanese press dubbed it) seems to have been that the company's position as a member of the long established and soundly-based Yamaha Group made it all too easy to raise the money needed to increase production capacity and take on Honda. Although it ranks as the world's number two motor cycle manufacturer, Yamaha has a separate identity as the 39 per cent owned affiliate of Nippon Gakki, the company that dominates Japan's musical instruments market and whose chairman, Genichi Kawakami, was one of the legendary entrepreneurs of Japan's post-war decades.

The fact that Kawakami was chairman of Yamaha Motor until August of this year, besides being both Chairman and President of Nippon Gakki, almost certainly lent more credibility to the former company's rash onslaught on Honda's market share, but this does not necessarily mean that Kawakami himself knew exactly what was going on.

Kawakami told journalists at a press conference in August (held to announce management changes in the group that included his own retirement) that he had never been on top of the details of the plan to overtake Honda. Kawakami's position as chairman gave him control over personnel changes at Yamaha Motor but day-to-day business decisions during the crucial period between early 1981 and the spring of this year were taken by the President, Hisao Koike.

With Koike in disgrace and with Kawakami having withdrawn into partial retirement (though he remains chairman of the parent Nippon Gakki company) the reconstruction of Yamaha Motor depends on the efforts of Eguchi (who was installed as President in August after a hasty transfer from the Yamaha Music Foundation) and Seisuke Ueshima who moved over from the deputy chairmanship of Nippon Gakki to occupy the chairman's seat at Yamaha.

Both Eguchi and Ueshima have spent their careers switching between the motor cycle and musical instruments divisions of the Yamaha empire. Both also have probably inherited a fair share of the trust that the group's three main banks (Fuji, Dai-ichi Kangyo and Sumitomo) originally felt in chairman Kawakami. But it does not follow, even with full — and costly — support from the banks, that the task of reconstruction is going to be easy.

Eguchi reckons that it will take two years for the company to work itself back into a position where it can earn a profit even though stocks in Japan may be back to normal levels by the end of this fiscal year. One reason why the company expects to face a long haul back to health is that Yamaha faces a series of problems in the U.S. which are not entirely of its own making. The company was virtually knocked out of the American market for large motor cycles this spring when the U.S. Administration decided to raise the tariff on motor cycles with engine capacities of 700 cc or over to 49 per cent.

During the two-year recovery period Yamaha will not only have to continue borrowing heavily from its banks to keep afloat. The company also faces the painful (and for a Japanese employer, humiliating) need to reduce its labour force by around 3,500 workers from the present level of 17,000 so as to bring fixed costs down to a level more in keeping with its modest production levels. None of this promises to be pleasant but Eguchi seems sure of one thing. Yamaha still knows how to make good motor cycles—and in the long run that is what ought to count.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Renewal of a lease

I refer to your reply on September 7 under "Tenancy agreement" where a business tenancy held on lease for a great many years had to terminate and the tenant find new premises elsewhere on expiry of the lease because of reconstruction or development, and sale by the landlord. You mentioned that this was a legitimate reason for not renewing the lease (under Part II of the Landlord and Tenant Act 1954).

Could you advise me (1) if the landlord would be liable to pay the leaseholder compensation for goodwill and possible loss of profits, or for non-renewal of the lease, or would these be a debt of the purchaser of the property?—a private company. (2) How should compensation for such goodwill or lease be calculated?

Compensation is payable under the provisions of Section 37 of the Landlord and Tenant Act 1954 (as amended). It is payable by the landlord to the outgoing tenant (where the landlord opposes the grant of a new tenancy on the grounds that he requires the premises for his own use or that he can obtain better rent by letting the premises together with other premises or that he requires to demolish and reconstruct the premises. The amount of compensation is 2¼ times the rateable value or, where the tenant has carried on a business in the holding for the whole of the preceding 14 years, twice that figure.

Krugerrand profits tax

I understand that a commentator on a recent radio programme said that there was no need to declare profits made on purchasing and subsequently selling Krugerrands for the purposes of Capital Gains Tax on the grounds that the coins are legal tender. Would you care to comment?

The probable explanation is that the comment was intended to relate to sovereigns (minted after 1837), by virtue of section 19(1)(b) of the CGT Act 1979. Krugerrand transactions were mentioned in our Business Problems column on April 7 and September 1, last year, and in our Finance and the Family column on January 2 last year.

Krugerrands are "securities" as defined in section 88(9)(b) of the Finance Act 1982, of course; so may individual holders must have been dismayed to learn, on March 15, that the former Chancellor had eventually decided not to fulfil the Financial Secretary's undertaking (on December 23) that parallel pooling would be made available to all taxpayers who wanted it.

Commission

I recently purchased some unit trusts for myself and since I have an agency I received 1¼ per cent commission on the transaction. How do I treat this for tax?

If you were simply allowed to pay the managers 1¼ per cent less than the price quoted to the public, then the price actually paid is the cost for CGT purposes. If the form of the transaction was not so simple, however, the taxation consequences may be different. You have not given us adequate precise facts for a clearcut reply.

Savings interest

I am the treasurer of a sports club and am thinking of opening a savings account for the club. The money we have at our disposal is not large, it is derived from membership and match fees and various fund-raising activities organised by parents.

Would the interest received be *subject* to tax?

Subject to what the Chancellor may say next spring, the interest will attract 38 per cent corporation tax (under section 526(5) of the Income and Corporation Taxes Act 1970 and section 13 of the Finance Act 1983). Since the club is not a charity (presumably), the proceeds of the fund raising activities may also be taxable; you may like to ask your local tax inspector for a copy of the free booklet of extra statutory concessions (IR1, with annual supplements) and look at concession C5, which vores bazaars, jumble sales etc. . . . Of course, the inspector may decide not to bother to collect tax from the club, if the amounts are small each year.

All treasurers of voluntary organisations should read the free pamphlet IR46 (clubs, societies and associations), which is obtainable from any tax inspector's office.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Florida's banks: trying to hold on to the plums

By William Hall in New York

HIGH ABOVE Miami's bustling cruise ship harbour they are putting the finishing touches to the new 55 storey headquarters of the Southeast Banking Corporation, Florida's premier bank, which will dominate the Miami skyline for years to come.

Whether Southeast Bank will dominate the Miami business community in the same way is another matter. The bank, which opened its doors in 1902, six years after Henry Flagler brought the railroad to town and founded the city, has been the biggest bank in the region for as long as anyone remembers.

However, Southeast has hit a rough patch and the vultures are beginning to gather. Earlier this year, its long drawn out battle to take over Florida National Banks, number four in the state, failed, and to make matters worse it was dislodged as Florida's biggest bank by its young and aggressive rival, Barnett Bank.

Its problems have been compounded by legal wrangles with various groups of dissident shareholders who bought a 26 per cent stake in the company a couple of years ago when the share price was depressed. The lawsuits involved have occupied management time, stymied expansion plans and coincided with a further setback in the bank's profitability

Southeast has portrayed the dissident shareholders as a bunch of short-term speculators more interested in making a fast buck than in the long term prospects of the bank. The latter have counter-attacked, arguing that Southeast's management seemed more interested in keeping well paid jobs and protecting the bank from unwelcome bids, by alterations in the bank's articles of association, than in maximising shareholders' returns.

Matters came to a head in mid-September when Southeast announced that it had acquired an option to buy out the dissident shareholders for nearly $150m on the condition they did not buy another share in the bank for at least 10 years. Southeast is offering dissident shareholders $33 per share, compared with $27 in the market immediately prior to the announcement.

Following the news, Southeast's share price fell sharply (last week it was trading under $24) and eyebrows were raised in those parts of the Miami business community not represented on Southeast's board. How could the bank justify buying out a minority standing to make more than $50m on the deal?

Charlie Zwick, Southeast's chairman and chief executive, stresses that the action is in the best interests of the company and its shareholders. "Our objective is to get this behind us and to run our institution. This is still the premier franchise in the best banking market in the U.S. We must be free to maximise this franchise."

Charlie Zwick's problem is an acute version of one which most of Florida's big banks will have to face over the next few years. Whereas California was the "hot" banking market of the 1960s, and Texas the market to be in the 1970s, Florida is generally regarded as the plum banking market of the 1980s.

A steady stream of wealthy retired people from the north has swelled Florida's bank deposits to more than $100bn and made it one of the cheapest sources of funds for U.S. banks. Meanwhile, its population is growing faster than that of any major state, and is lined up by the end of the century to have overtaken New York and have the third highest population of a U.S. state, after California and Texas.

For the big New York City banks, which have billions of dollars of low yielding international loans out to countries like Brazil, Florida is the sort of banking market they dream about now that the glamour has gone out of international banking.

Competition in Florida banking was fragmented until recently, deposits are still cheap, and it promises good long term growth, whereas New York State is set to decline in population size in the years ahead. The New York banks are lining up to enter the market.

"If Walt Wriston (chief executive of Citicorp), were sitting here, he might say in 1989 Citibank will be a better bank than Southeast. Maybe he is right, but I think he is wrong. I think he has got a bigger problem than I have. In any event, I would like to have the contest played out in 1989 and not just be bought out at some fancy multiple so the game is never played," says Zwick.

For the time being, Citibank and the other money centre banks are forbidden from moving into Florida by buying a bank like Southeast, although local bankers admit that more than half the commercial lending in the state is already being done by out-of-state banks. The attraction for out-of-state banks is the ability to take local deposits, and Florida bankers are conscious that sooner or later the barriers will fall and that they will have to face up to new competition for their savings deposits and demand deposit balances.

The question is: should Florida's banks sit around and wait to be auctioned off to the highest bidder or should they try to carve out a niche as major regional banks?

This issue explains why Southeast and other Florida banks have been having problems with their minority shareholders.

The latter believe that the current premiums on Florida bank stocks will disappear if the local banks are left to slug it out with the likes of Citibank. By contrast, Florida bankers, like Zwick, argue that over the long run investors will do better by investing in a local bank concentrating on one of the fastest growing states in the U.S. If they want to invest in a New York bank, they can pick up Citicorp shares at a discount to book value.

Southeast is determined to stay independent. It has consolidated all of its small banks into a single unit, and significantly strengthened its senior management team. Bill Dougherty, the former president of NCNB Corporation (a major rival of Southeast Bank), came in as vice-chairman 18 months ago, and over the last year or so, three of Southeast's five executive vice-presidents have been hired.

Dougherty has brought badly needed accounting skills to Southeast, and has set to work improving the bank's expense controls. "To be a leading regional bank, you have to have a strong finance function, know your costs and how to price your services, plus give the line banker enough information not only to serve the customer but serve the customer profitably for shareholders. If you do not have that you are in trouble," he maintains.

One of the key statistics he monitors is the ratio of net operating expenses to net income. The lower it is the better, says Dougherty, who notes that the North Carolina banks, with which he is most familiar have operating expense to income ratios of between 47 per cent and 50 per cent whereas the less efficient Florida banks have ratios in the upper 60s. "You have to be 52 per cent or less or you cannot stay in the ball game," says Dougherty, who insists that Southeast will be down to that level at least within the next three years.

Zwick and Dougherty stress that while the group's short-term profitability does not match that of some other Florida banks, Southeast's performance is turning round. Over the five years to end 1982, Southeast's earnings per share grew at a compound rate of 22 per cent and while 1983 is proving disappointing, with nine months earnings up only 5 per cent Zwick and his team are confident that given time they can justify the shareholders' support.

There are obviously some small shareholders who would have liked to have been bought out at $33 per share, admits Zwick, "but out objective is to maximise this franchise, and over the next several years they should be better off by our action. If they are not we made the wrong decision.

"If three to five years from now, inter-state banking is implemented and an insurance company, or some one like Mobil Oil or Citicorp, wants to pay twice book value for Southeast, we will look at the deal," says Zwick. "All I am saying is that it may very well be that people recognise that a well run, reasonably sized regional bank is a better long term investment than a New York money centre bank weighed down by bad international loans."

FLORIDA'S MAJOR INDIGENOUS BANKS

	Headquarters	Assets $bn	(net) Income* $m	Growth %	ROA§ %	ROE¶ %	Offices (no.)
Barnett	Jacksonville	8.7	59.8	50	1.01	18.0	240
Southeast	Miami	8.3	40.9	9	0.64	11.3	163
Sun Banks	Orlando	5.6	35.4	42	0.94	16.0	169
NCNB of Fla	Tampa	4.0	n.a.	n.a.	n.a.	n.a.	150
Flagship†	Miami	3.4	21.5	11	0.81	12.9	154
Florida National	Jacksonville	3.3	24.7	39‡	0.93	12.9	93

* First nine months of 1983. † Merging with Sun Banks. ‡ Before extraordinary credit. § ROA: return on assets. ¶ ROE: return on equity.

NCNB's $400m INVESTMENT

While the big New York banks are still cooling their heels on the sidelines, the one out-of-state bank which has jumped into the Florida banking market in a big way is the North Carolina, Charlotte-based NCNB Corporation, the biggest bank in the South East of the country. In less than two years it has spent more than $400m buying its way into the number four position in Florida.

NCNB has been able to buy local banks because of its ownership of the Trust Company of Florida, which it has had for years. "We did nothing in Florida until 1981 because we did not know we were allowed to," admits Don Buchanan, NCNB's top man in that state. However, NCNB's lawyers thought otherwise, and in January, 1982, the group decided to *test the water with the purchase of the small First* National Bank of Lake City.

They met no opposition. Since then they have acquired three more banks culminating in the $186m acquisition of Ellis Bancorp in the summer. The spending spree means they have $4bn of assets, and a network of 150 offices. NCNB has 25 per cent of its local North Carolina market, but executives are already talking of the day when NCNB's Florida operations will be bigger than its North Carolina operations.

Like other out-of-state banks, the big attraction for NCNB in Florida was the deposits it could gather. "Historically, we have grown our assets faster than we have grown our liabilities, with the result that we have become more and more dependent on wholesale money," says Buchanan. But following the *Florida acquisitions the proportion of customer deposits* in the balance sheet has risen from 24 per cent to 34 per cent. "That is what Florida is all about.

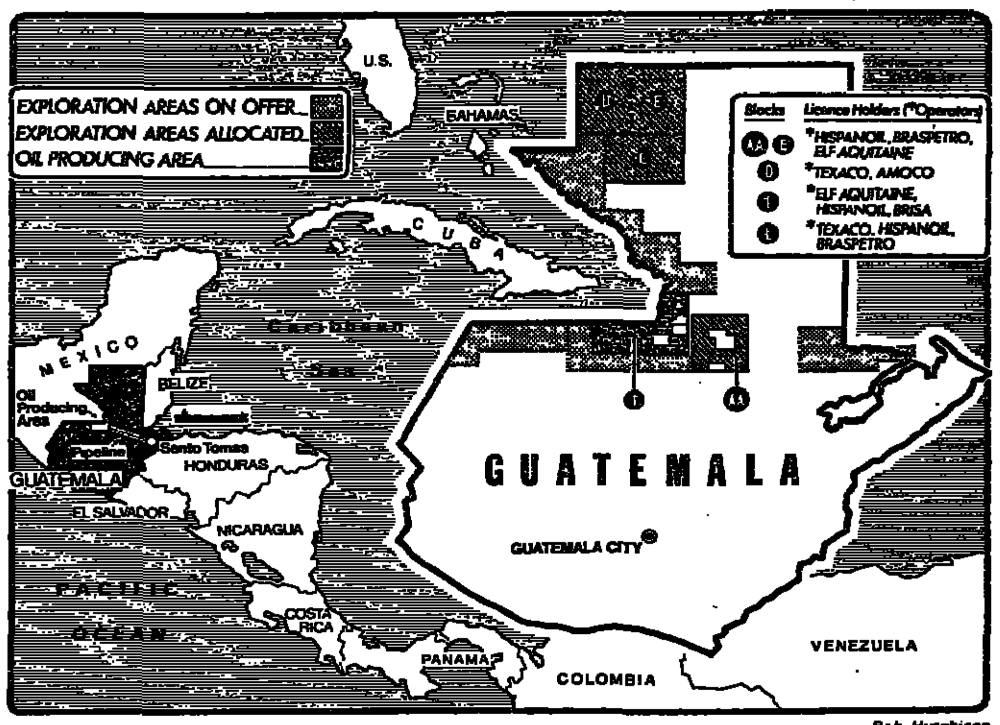
"It is clearly everybody's number one banking market in the U.S. It is a very deposit rich, fast growing market. From the standpoint of the banking industry, to the extent that you can obtain a foothold in such a market, it gives you access to customer base deposits, rather than having to purchase funds to fund your assets," concludes Buchanan.

The other big attraction of Florida, in NCNB's view, is that it has not been aggressively banked in the past. Florida's banks have had a reputation of ignoring corporate lending, which NCNB feels it can exploit. It has set itself a target of doubling its commercial credit from $650m to $1.35bn by the end of 1983.

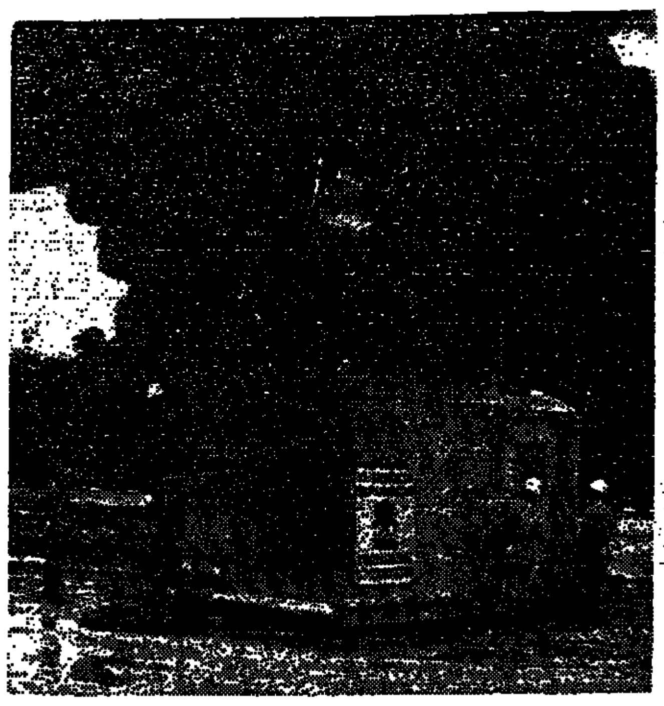
ENERGY REVIEW

Elf reviews prospects in Guatemala

By William Chislett, recently in Guatemala



Bob Hutchison



Elf's key operation in Guatemala.

GUATEMALA, the Central American republic which borders Mexico, the world's fourth largest oil producer, has just unveiled its new oil law, which it hopes will entice foreign companies to explore its largely virgin jungle territory and come up with the riches of its neighbour.

The law, however, is being overshadowed by the strong possibility that Elf Aquitaine, the French state-owned oil company and only producer in Guatemala at the moment, may pull out of the country. This could badly undermine its objectives.

Elf is finding Guatemala very expensive and unproductive and is seriously reviewing its position. In three years the company has invested almost $300m but its gross sales so far are only about $30m.

Furthermore, Elf is being sued for $293m by one of its partners, Basic Resources International, whose chairman is Sir James Goldsmith, for alleged gross negligence and reckless spending. Elf, in return, has made a counter-claim against Basic for $35m of cash calls, which it says were not paid, and additional damages yet to be evaluated for harm it says has been done to its goodwill.

Guatemala is a marginal producer of 6,000 to 8,000 barrels a day from just 10 wells. Proven reserves are estimated at about 14m barrels and potential reserves at 800m to 1bn. These are conservative figures, says Lt Col Alejandro Contreras, Oil Minister in Guatemala's military Government, as they take into account only a small proportion of the territory which has been explored.

But Elf's experience suggests, at least, that the prospects for greatly increased production do not appear to be good. Guatemala, however, needs to produce only 25,000 to 30,000 b/d to be self-sufficient in oil.

Elf became the operator in 1980 of a contract area previously run by Basic Resources International through an affiliate called Petromaya. Elf has 43 per cent of the joint venture, Hispanoil, the Spanish state oil concern, 33 per cent and Basic (Brisa) 24 per cent. Elf is involved in two other joint ventures with Texaco and Braspetro of Brazil in different parts of Guatemala. Its operation with Basic is the only producing venture.

Elf came with high expectations. The area where it is operating is said to be in the same basin as Mexico's highly productive Reforma fields, but the company now disputes this.

Elf has had poor results and what it has achieved has cost far more than it budgeted for. It is having to drill into fractured limestone located between anhydrite zones. Drilling is severely complicated by sudden switch of geological gradients.

"Whereas you can drill 10,000 feet in 15 days in Nigerian sands, here it takes three to six months to achieve that," said a disgruntled engineer.

The reservoir porosity, says Elf, is very low. The oil bearing reservoirs are quickly depleted. The life span of Elf's reservoirs so far is less than a year on average.

On top of this, the crude contains 2,000 to 9,000 parts per million of hydrogen sulphide gas and 30 per cent water. There is a processing plant in the middle of the jungle where the very high sulphur and water content are extracted before the oil is sent through a 150-mile long overland pipeline with a capacity of 30,000 b/d to the Caribbean port of Santo Tomas for export to the U.S.

The cost of drilling wells has been as much as $28m, while the drop in world oil prices has reduced revenue. The return on Elf's investment has therefore been minimal.

The company says its well at Caribe, whose current output is 700 b/d, produced at a loss last year. It cost $12.7 to produce each barrel, taking into account surface and maintenance costs. Under its production sharing agreement with the Guatemalan Government Elf earned $8-10 a barrel from this well.

Under the old law, which has now been replaced, the state received 55 per cent of production (in cash or kind) for the first 25,000 barrels and Elf the remaining 45 per cent, which then had to be divided with Basic and Hispanoil. Elf estimates its average production costs for all its wells at about $7 a barrel.

Elf's strike at its Tierra Blanca site exemplifies its problems. Initially there was great excitement when the first drill tests indicated an average flow of 6,000 to 6,500 b/d from a four foot reservoir—one at a depth of 11,226 ft, a record for the country.

However, the oil is heavy (18 degrees API) and Elf says the well, which is producing 1,200 b/d, will be exhausted by January. Reservoir pressure has quickly dropped. The drying up of this well will bring Elf's production down to an average of about 5,500 b/d in 1984, from about 6,500 b/d this year—unless the company makes new discoveries.

Apart from the costs, the physical conditions of working in Guatemala have also been tough: Elf's site is in the middle of inhospitable jungle.

The only signs of human habitation are the villages of thatched-roof huts made by Guatemalan Indians, who followed Elf to the site in the hope of benefiting from the development.

The pipeline has been punctured with bullets by guerrillas on several occasions. In 1981 the processing plant was put out of action for two weeks when rebels shattered the pumps with dynamite and sprayed the panel of the control room with bullets. Engineers still show off the bullet holes. Civil defence units, armed with a motley collection of hunting rifles, patrol the area.

Elf also feels put out by the new oil law which it says "discriminates" against companies already working in Guatemala in favour of attracting new companies. Elf and other companies at present working in Guatemala have the option to switch to the new law or continue with the old regulations. The new law is less favourable to current operators because under it they would have to drill extra development wells, although Lt-Col Contreras says this is a negotiable point.

The main incentive in the new legislation is that it allows a company to recover its costs for exploration, development and production before the state shares in output—over and above a base royalty of 20 per cent which the state receives as soon as oil starts to flow. Under the old law the state received 55 per cent of production as soon as oil production began.

Other important features of the new legislation are:

- The base royalty will be 20 per cent if the specific gravity of the crude—based on American Petroleum Institute (API) standards—is equal to 30 degrees. The royalty will be adjusted upward or downward by one percentage point for each API degree over or under 30.
- The Government's minimum percentage of shared output will be 30 per cent and will rise according to the level of production.
- U.S. companies are not expected to suffer double taxation problems under the new law, although a ruling is still pending on this matter from the U.S. Internal Revenue Service.
- Contract terms for an exploration block are for up to 25 years. Contracts will cost a basic $100,000, with a small additional charge for each hectare in the exploration area.
- The contractor is obliged to drill at least one well during the first three years and during the fourth to sixth year to drill at least two more wells.
- When a company makes a commercial discovery, it will have to drill at least one development well a year in the exploitation area until development is completed or the area is surrendered.
- Freedom from exchange controls. Equipment can be imported free of taxes providing it stays in Guatemala for five years.

The Government has decided against setting up its own oil company. But state supervision and bureaucracy have been increased through the creation of a Directorate of Hydrocarbons and a National Petroleum Commission, in addition to the newly created Ministry for Energy and Mines. The commission will have the right to intervene in a private firm's oil operations and mete out financial penalties without the opportunity of legal redress.

Lt-Col Contreras says the Government will start to offer contract areas next year. Each block will be 50,000 hectares and no company will be able to hold more than 300,000 hectares. Whether there is a decent response to the new law may depend on whether Elf stays or leaves.

THE ARTS

Television/Chris Dunkley

When drama becomes fiction

Tom Fleming's performance during the past two nights in the title rôle of BBC1's two-part drama *Reith* was remarkably powerful. He looked the part, of course, but it takes more than that to carry conviction. Fleming quickly had me believing that I really was watching the Scottish puritan, the bullying martinet who, between 1922 and 1938 was the first director-general of the BBC. Fleming was helped by an equally fine if less-demanding performance from Dinah Stabb as the ill-treated Muriel Reith, and by the BBC's ability to use the actual locations around Broadcasting House which Reith knew.

Yet while the sense of verisimilitude was often strong, there were major drawbacks, especially the confusing use of repeated flashbacks to Reith's time in the Flanders trenches. Were we supposed to discern causal connections with later activities? Merely parallels? Some other significance altogether? Also the play failed to show how Reith affected BBC programmes as distinct from the BBC's constitution.

It is not any of that which concerns me most, however, but the work's significance as "drama documentary." Consider: in May 1926 Reith landed the BBC in an anomolous position from which it has never properly extricated itself. When the General Strike occurred there were three honest causes open to him.

First he could have declared that the young medium would side with law and order, support the status quo, and offer its help to the Government. Second he could have declared (though it would have meant dismissal and a government take-over) that the BBC would support the trade unions in their moderate demands. Third he could have taken his courage and his microphone in both hands and told the world that the BBC was determined to remain independent of all factions and would strive with all its might to remain even-handed in this, as in all things, and he could have challenged the Government to commandeer the wireless system if they objected to such independence.

But he did none of these things—or rather he attempted a dangerous and dishonest compromise between two of them. Publicly he maintained that the BBC would remain independent, *but privately he prevaricated,*

Martin Sheen and Blair Brown as John and Jackie Kennedy

kow-towing not merely to the Government but to the right-wing of the Government. The result was a mis-match between public image and actual fact; the anomaly from which the BBC has never escaped.

Here are six interesting facts about the affair:

1. On May 7 1926, the Archbishop of Canterbury appealed for a compromise settlement rather than the unconditional surrender demanded of the strikers by Conservatives such as Churchill, Birkenhead and Chamberlain. The BBC suppressed this appeal, only mentioning it eventually as one item in a news bulletin, because Reith believed that if they broadcast it the Churchill faction might use it as the excuse to take control of the BBC. Some historians believe that broadcasting the appeal could have led to an early settlement.

2. On May 8, Stanley Baldwin, the Prime Minister, was not only enabled to broadcast to the nation by the BBC, he was taken to Reith's own home to do so and Reith helped write the speech.

3. On May 11, Labour leader Ramsay MacDonald asked to broadcast and although Reith felt the speech ought to be permitted he agreed to an informal Government recommendation that it be refused.

4. When the strike was over Reith wrote to BBC heads of department claiming inter alia "Since the Government in this crisis were acting for the people, apart from any emergency powers or clause in our licence, the BBC was for the Government in the crisis too." (In other words, "we supported the status quo not merely for fear of being commandeered but because we chose to.")

5. In his diary Reith wrote of the Government: "They want to be able to say that they did not commandeer us but they know that they can trust us not to be really impartial."

6. Reith accepted a knighthood in the honours list of January 1927.

The picture emerging from these events seems to me fascinating, dramatic, and although not simple still quite clear. It is nothing like the picture that emerged, however, from *Reith* which ignored points 1, 3, 4 and 5, leaving the uninitiated with the impression that Reith fought the good fight for BBC independence and won.

But is the BBC to be denounced for broadcasting a play which conveys that version of events commonly accepted within its own portals? I think not. Although the whole truth (or a more nearly whole version of it) is considerably more interesting in this instance than the impression given in this play, my feeling is that the BBC folk-hero version of its first director-general is just as important to today's audience and to posterity as the historian's version.

Shakespeare's version of history is almost certainly more significant to mankind than that of his main source, Hollinshed, who was himself retailing part fact part myth part Tudor propaganda. In a free society there are other sources besides drama (the numbered points in this very column offer an alternative to the Milner/BBC version of events) and no dramatist should be limited to the consensus view.

Since this column has always aimed for a broad appreciation of broadcasting rather than simply a review of current programmes I have dwelt at some length on this affair because I believe it is crucial to an understanding of the development of British broadcasting as a whole. But of course most drama-documentaries are not about broadcasting, and generally speaking it is surely less important to ask "Is this good history?" than to ask "Is this good television?"

In the case of *Reith* the answer would have to be "No, not very good television." But in the case of *Kennedy* the answer is "Yes, some of the very best." *Kennedy* is a three-part series made by Britain's Central Television for ITV and—most unusually—sold for network transmission in the U.S. It will be shown here in three big chunks on successivenights.

Produced by Andrew Brown who was responsible for *Jennie*, *Rock Follies*, and *Edward And Mrs Simpson*, the series covers just three years starting on the night before Kennedy's election in 1960 and finishing with that unforgettably sad day in Dallas in 1963.

Whether the account of history provided by script writer Reg Gadney is "true" I cannot be sure. What I can say is that between them Gadney, director Jim Goddard, and the three leading actors—Martin Sheen as JFK, John Shea as brother Bobby, and Blair Brown (an uncanny look-alike) as Jackie—recapture the atmosphere and idealism of the Kennedy Camelot years with a power and vividness which makes the series extraordinarily moving. It is moving not because the Kennedy story is so often like an outrageous soap opera but despite it.

Some may claim the series offers a rose-tinted view, yet it makes no bones about Kennedy nepotism and manages to convey a clear idea of the stories about JFK's womanising without ever showing him at it; that entire theme is covered by a lurid and chilling sub plot featuring the obsessive J. Edgar Hoover.

It is almost meaningless to ask whether *Kennedy* is an accurate portrayal. Much of the detail is utterly authentic: the newsreels of the beaten Nixon are the real thing and the exactly similar looking black and white newsreels of the triumphant Kennedy contain JFK's own words delivered by Sheen. No doubt the White House interiors are accurate and the clothes, hairstyles and cars certainly looked right to me.

But like any creative work *Kennedy* is selective. Even though it lasts seven hours it must of course leave out almost everything that happened in those years. The important question is not whether the portrait is photograph-like in its precision but whether, like a portrait in oils, it combines all the most important points to achieve that mysterious synthesis which can never be attained via the literal representation of a camera. For me *Kennedy* achieves just such a synthesis.

From JFK's own "Ask not what your country can do for you" to Martin Luther King's "I have a dream" it hits every high spot. You do not get complete history book versions of the Bay of Pigs, the moon programme, the Freedom Riders, the Cuban missile crisis, or the start of the Vietnam war but they are all represented in a pretty fair ratio.

I suspect a lot of middle aged liberals and middle class radicals will be reduced to tears by this series, not because Sheen and Shea are the spitting image of the Kennedys (they are not) but because the *Kennedy* team together deliver such a poignant reminder of what the world lost on November 22, 1963.

Dancin'/Drury Lane

Michael Coveney

"No orphanages, no Christmas trees, no messages" we are promised in a slyly spoken prologue to Bob Fosse's plotless contribution to "the dance explosion." Premiered on Broadway in 1978, *Dancin'* was both the ultimate distillation of Fosse's other big shows of that decade, *Pippin* and *Chicago*, and, even more probably, his answer to *A Chorus Line*.

Fosse takes the theatre as his world, organising the stage and house lights at the beginning and end in a booming voice-over. In between, his company are let loose in an unrelated series of bits and pieces that are of violently varying quality. It is all like a sensuous guided tour of the human anatomy in perpetual motion but, whereas in *A Chorus Line* you got to know the dancers, here you are kept at arm's, knee's, toe's and, for that matter, buttock's, length.

It is difficult to see from *Dancin'* why, even on Broadway, Fosse has been acclaimed as a choreographic genius. I admire the way he fuses jazz dance, tap, swivel-hipped sideways-on titfer touting with high kicks and beautifully angled and executed classically - based assaults on the stage, corporate effect dissolving in minutely observed kaleidoscopic patterns.

He is an innovator to the extent that he dislocates the element of dance in the musical theatre from its usual accompaniment of song and narrative. But I would not swap the last hour of Fred Astaire and Cyd Charisse in *Silk Stockings* for his entire output.

The careless, carefree approach yields in the first of three sections a truly awful version of "Mr Bojangles," which belongs anyway to Sammy Davis Jr, splitting the dance and song to disastrous effect. We then sink into what sounds suspiciously like a Festival Hall teach-in on the dancer's technique in which we are told that while a dancer may lust for the flute, he has the hots for the percussion.

Then it is on with the pompoms and off on the tom-toms, as the cast reassemble in one of those curiously dated cabaret-style Fosse *scenas* of gyrating pelvises dressed up in black slashed body stockings. The vision splinters and then

Alastair Muir

Joanie O'Neill

re-forms in one of the evening's technical highlights, Raymond Charles Harris high-stepping his way, minstrel fashion, through Leiber and Stoller's "I've Got Them Feeling' Too Good Today Blues."

The score is, in fact, a mixed bag, not all of it mine, but at least there is a really splendid band, under the direction of David Firman, who go on the rampage about every 10 seconds. Act Three opens with a famous Benny Goodman number, "Sing, Sing, Sing," in which Sian Bourke offers a passable imitation of Gene Krupa on drums. By now we are in the full flood of the jazz age, with loose-jacketed gents scratching their way up the ladies' thighs from a semi-recumbent posture, egged on by the delicately whining clarinet of Peter Ripper (sic).

It seemed unfortunate that on the day we took custody of President Reagan's cruise missiles at Greenham Common the show should end in a flurry of snazzy Americana, Yankee Doodle Dandy rallying round the red white and blue just as the classical dance sequences come into their own.

The acrobatic curtain calls, however, were sensational. For all its incidental fun, *Dancin'* is the show where the American musical hits, in every sense of the phrase, rock bottom. That's the message.

The final point which I have delayed making is that this London company is by no means the tops. A lot of the ensemble work is badly synchronised. These American hoofers are culled from various touring versions of the show, and I sat through the evening with the distinct impression that rather more of the old Fosse iron fist was desperately in order.

The Medieval Players/Cheltenham

B. A. Young

The tour of the Medieval Players brought two short plays to the Shaftesbury Hall, Cheltenham. An anonymous French comedy, *Master Peter Pathelin*, dating from roughly 1465 and translated by Edwin Morgan, was followed by Chaucer's *The Reeve's Tale* played in Middle English without help from Prof Coghill.

Master Peter, now in rough English verse, is a simple tale of roguery: Peter swindles a tailor out of a roll of cloth, and is then swindled by a shepherd whom he is training in trickery. The language is full of French oaths about sex and more familiar coarseness that sounds perfectly proper in the context. The now immortal line "Revenons a nos moutons" is properly spoken in French.

The Chaucer is done quite differently. A narrator speaks the verse in its 14th century sound while the bawdy tale of the students and the thieving millers' wife and daughter is shown with expertly handled glove-puppets. Both plays are immensely enjoyable, presented with a natural humour that is transferred magically to the audience. This must have been the kind of effect the Court Jester had on the Court.

But acting is not the only talent the company displays. They dance on stilts; they sing French 15th century songs; they play dances on rebec and lute; and they juggle. How they juggle! You don't know the limits of danger in the theatre until you have sat six feet from a stage where three men are handling three flaming torches each, dropping them now and then to keep us on our toes.

All these wonders are performed by the same four young men, Mark Heap, Carl Heap, Roy Weskin and Mark Saban with the music played by Tom Finucane and Giles Lewin. The Cheltenham audience, mostly young, simply loved it, even the Middle English. I can't think of anything more likely to please the whole range of generations than this.

In the near future they will be at the Midlands Arts Centre in Birmingham, the Hope Arts Centre in Bristol, in Norwich, and Wells-next-the-Sea.

Otello/Covent Garden

David Murray

This nth revival of the Royal Opera's 1955 production is unprecedentedly expensive for lovers of Otello. What does it comprise? Well, three distinguished leading singers and an experienced conductor; a sound supporting cast and a patchy chorus; ancient sets very flatly lit (no credit for lighting is assigned to anybody and none is deserved); a competent, quite faceless production attributed now to Jeremy Sutcliffe; two and a half hours of music stretched to breaking point by an hour and a quarter of intervals. The whole is exactly the sum of its parts—no more, no less. Though there are admirable details in some individual performances, it was deeply unexciting on Monday night.

As the current run proceeds, more sparks may be struck, but no confident prediction is possible. Apart from John Gibbs' efficient Montano, the only newcomer to the production is the Desdemona of Katia Ricciarelli, who does not seem likely to generate surprises. Hers is a dignified, smooth, temperate performance—a handsome consort who is past the stage of impressionable youth. The voice is carefully paced (the old reckless Ricciarelli generosity is just a memory now), allowed to blossom only at the statutory climaxes, when it makes a lovely, well-schooled sound. She glides through the role as if on well-oiled wheels.

Placido Domingo's Otello is not calculated to disturb her equilibrium, not as he appears here. A dramatic giant like Jon Vickers has been able to stride into this tame staging and electrify it; Domingo's "Esultate" entry seems only a gracious salute. He cuts a slighter figure, impeccably gentle with discreet hints of inner distress; his singing, immensely refined, begins to acquire the ring of tragedy only in the penultimate act, and the murder scene is a model of muted tact. In another setting he might tower superbly.

Closer rapport with his Iago, Piero Cappuccilli, would help, and that may of course develop. If Cappuccilli's sinister presence is routinely conceived—chiefly a matter of feral smiles suddenly suppressed—his musical contribution is fully and rather subtly studied, and the voice is in fine communicative form. As so often in Italian revivals at the Royal Opera, there is a strong impression of principal performances imported ready-made, sealed off from each other, meeting only on formal nodding terms: dramatic tension doesn't get created that way.

Colin Davis brings a practised hand to the score. There were many well-realised passages, but —until the later acts—not much due dramatic preparation; events crowded in upon one another quite brusquely, suggesting mild impatience rather than headlong excitement. The Great Act 3 ensemble stood out for its whole-hearted commitment (and the chorus made a creditable noise at last). Gwynne Howell's staunch Lodovico and the Emilia, Cassio and Roderigo of Elizabeth Bainbridge, Robin Leggate and John Dobson all did their best to convey some sense of theatrical purpose.

Placido Domingo

Crosse's WaveSongs/Wigmore Hall

Andrew Clements

The highpoint of the polished and perceptive recital in the Wigmore Hall on Monday night by Alexander Baillie and Kathron Sturrock was the first London performance of a new work for cello and piano written for the duo by Gordon Crosse. Crosse's title, *WaveSongs*, conjures up immediate visions of seascapes and other aquatic images; the composer does not reject them out of hand, but offers as well a more generalised musical conception of waves as oscillations, ostinatos of varying length that may be interwoven and superimposed to build a large-scale structure.

In this case the structure is substantial; some 23 minutes of music. It is impressively sustained, happy to bide its time and allow the gradual accretion of material to do its work. There are five minutes of grumbling bass chords in the piano and isolated cello notes before the music lumbers into motion, each change of pattern bringing a lightening of the mood and an increase of tempo and tension. Patterns are overlaid to move at different rates; sudden correspondences between layers, imitations between the two instruments, bring sharp changes of perspective.

The climax, when it arrives, brings about a crystallisation. The cello essays a fully fledged tonal melody (Crosse relates all the material of the work back to a sea shanty written as incidental music to a production of *Philoctetes)*, the piano initiates a scherzando mood which at last brings both instruments into "old-fashioned" partnership. Another climax, fiercer and more insistent, and the music sinks back to the primeval state from which it set out. Crosse controls these processes with great economy of means and impeccable timing. It seems, on a single hearing, to be a major contribution to the contemporary cello repertory; Mr Baillie and Miss Sturrock played it with the assurance that suggested that it has already won a permanent place in theirs.

Contemporary Art Fair at Barbican

New dates have been announced for Britain's first International Contemporary Art Fair. *ICAF 84* will now be held from January 20-23, 1984 at the Barbican Arts Centre, London.

It will be launched with a gala charity preview on January 19. Proceeds from the event will be divided between Action Research for the Crippled Child and the Contemporary Arts Society.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

November 11–17

Theatre

LONDON

The Tempest (Barbican): Derek Jacobi takes a short respite from his recent triumph as Cyrano to add last summer's Stratford Prospero to the RSC London programme. A younger magus than is usual, he gives a performance that is technically accomplished and imaginatively adventurous. An entertaining production. (628 8795)

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable a romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

Glengarry Glen Ross (Cottesloe): One of America's best playwrights, David Mamet, has a startling world premiere at the National Theatre in this superb Bill Bryden production of life among real estate salesmen. The language rocks and rolls through idiomatic salespeak with many a glancing reference to post-Nixon break-in paranoia (928 2252)

The Cherry Orchard (Haymarket): Scenically dull but very well acted production by Lindsay Anderson of Chekhov's masterpiece. Joan Plowright is an edgy, skittish Ranevskaya and Leslie Phillips, an accomplished light comedian, a revelation as her pathetic brother. Wonderful support from Frank Finlay, Bill Fraser, Frank Grimes and Joanna David (930 9832)

Hay Fever (Queen's): Penelope Keith continues her reign as the iron maiden of British showbusiness. Well-dressed and marcel-waved, she plays Judith Bliss in Coward's great comedy, presiding over charades and confusion in a Thames-side country house. (734 1166)

Little Shop of Horrors (Comedy): Tawdry, camp musical based on a 1960 Roger Corman B-movie about a man-eating plant which revives the fortunes of a Skid Row flower shop. The 1950s pastiche is a bit wan, but the lyrics sharp. The plant grows from cactus-like vulva to piscatorial, blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fenella Fielding only blonde and way over the top (930 2578)

A Moon for the Misbegotten (Mermaid): Frances de la Tour and Ian Bannen are quite superb, especially in the last confessional hour of O'Neill's powerfully banal last play. Last chance to catch one of the year's London highlights (236 5568)

NEW YORK

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646)

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200)

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

WASHINGTON

Noises Off (Eisenhower): Dorothy Loudon stars in Michael Frayn's comedy about the provincial run of a slapstick farce with lots of antics for a company that includes Brian Murray, Paxton Whitehead and Victor Garber. Ends Nov 27. (254 3670).

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personal's column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

Saleroom

Antony Thorncroft

DESPITE THE uncertainty over the future of Hong Kong, the market for Chinese works of art remains fairly strong. Sotheby's celebrated the tenth anniversary of its auctions in Hong Kong this week with a sale of Chinese ceramics which totalled £1,804,406, with 19 per cent bought in – a not unreasonable percentage in the circumstances.

There was a record auction price for an item of jade. Robert Chang, the Hong Kong dealer, paid £237,070 for a pair of Imperial jadeite belthooks. A similar bid from a private buyer acquired a moulded Guanyano bowl of the Southern Song Dynasty. Chang also acquired a rare 15th century stem cup, Chenhua, for £113,208.

The feature of Sotheby's Amsterdam sales this week was buying by the Getty Museum. It paid £25,217 for *A Bohemian peasant seated on the ground* by Roelandt Savery and £11,600 for a similar drawing by the same artist. *The sense of taste* by Hendrick Goltzius went for £19,670.

Christie's began its week of sales in Geneva with sessions devoted to art nouveau and art deco and totalling £347,627. Book bindings from two collections assembled in Switzerland over the last 20 years proved especially popular, contributing nearly half the sale total. Most of the lots were bought by the New York dealer, John Fleming.

Mr Fleming bought the three most expensive items, including a record £30,940 for one of 20 copies of Madrus's *Historie de la Prince Esse Boudour*, which was illustrated by Schmied, with a cover illustration by Jean Dunand and printed in Paris in 1926.

Among items by Gallé, an engraved vase made in Nancy in 1891 realised £11,609, with another going to the same Swiss purchaser for £10,312. A German silver and ivory six-piece tea service by Emmy Roth sold for £7,560 and, at a wine sale, eight bottles of Chateau Lafite 1953 fetched £781.

In London yesterday, Christie's held its first major auction of the season of English drawings and watercolors. The total was £606,253, with a group of four views by Turner making £178,200. His view of *The valley of Washburn* sold for £91,800 to Agnew while Martyn Gregory paid £45,360 for *Winchelsea from the Rye Road*. A small watercolour of Lake Nemi went to Colnaghi for £32,400.

Christie's in Geneva's week of sales continued with porcelain making £1,001,676. A Meissen Chinoiserie tankard, Dresden, 1735, went for £15,468.

The highest price in a Phillips jewels sale, also at Geneva, was the £20,312 paid for a diamond ring. Coloured stones were in most demand.

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Wednesday November 16 1983

Illegal act in Cyprus

THE PROCLAMATION of an independent Turkish state in northern Cyprus is both illegal and impolitic: impolitic because it must add to the existing tensions between the Greek and Turkish communities on the island; illegal because it conflicts with the international treaty under which Cyprus became independent of Britain in 1960.

Under the treaty Britain, Greece and Turkey undertook to guarantee the independence and territorial integrity of Cyprus. The proclamation of a Turkish state on the island cuts across that undertaking. By recognising that state within hours Ankara has flouted its treaty obligation.

So much is plain. Much else about Ankara's role in events is obscure. The military rulers claim to have been surprised by events. There is some evidence to support that, even though they have generally treated the Turkish leader in Cyprus, Mr Raouf Denktash, more as an client than as an equal.

There is little doubt about the position adopted by Mr Turgut Ozal, the prime minister designate to be installed next month. He has publicly said that Mr Denktash had a right to proclaim independence. It is not a happy debut for Mr Ozal to have made in international affairs.

Consultations

Between them, the Turkish generals, Mr Denktash and Mr Ozal have created a *fait accompli*. However much one may deplore it, there is no obvious means of reversing it. As stipulated by the Treaty of Guarantee, Britain is calling for consultations with Ankara and Athens. The attitude that Turkey has taken suggests that such consultations will not lead far.

The treaty does not oblige any of the signatories to intervene against a violation of the integrity of the all-Cyprus republic. Military intervention by Britain may be ruled out from the start. Nor do the strategic realities permit Greece to intervene, at least on any rational basis. Cyprus is too far from the Greek mainland and too close to Turkey. Moreover, the entire Greek position in the Aegean is too vulnerable for Greece *seriously to contemplate* intervention.

These realities have been fundamentally unchanged since at least 1974, when forces from the Turkish mainland invaded Cyprus and, in effect, split off the northern third of the island as a Turkish section. In the ensuing crisis Greece and Turkey repeatedly came to the verge of war. Historic animosities against each other are strong in both countries. So far they have always been kept *on the leash. Mr Denktash's* declaration of independence will make these feelings all the harder to control.

It is in the clear cut interest of the West that such feelings must not get out of hand. Only Moscow can hope to profit if the long simmering dispute between the Greek and Turkish Nato partners becomes worse. The least that the West may demand from Turkey is that it must discourage any further reckless moves by Mr Denktash.

As one of the guarantors of Cypriot unity, not to mention its national affinities with the Greek comunity there, Athens may justly claim to be an aggrieved party. But ill-judged action now could do more harm than good. It cannot be in the interests of Greek Cypriots or of the Greeks themselves to become embroiled in a conflict with little reasonable prospect of a successful outcome.

As in the past, efforts must still be concentrated on finding an agreement between the two communities on Cyprus for a *modus vivendi* on the island. A confederal solution, for instance, is still possible after yesterday's events.

After declaring independence, the Cypriot Turkish authorities suggested that their move might make it easier, not harder, to come to an understanding with the Greek Government of Mr Spyros Kyprianou at a meeting that had been planned for next January. How sincere that statement was may be doubted: but Mr Denktash ought to be taken at his word. The international community should use all the means at its disposal to urge him to find an understanding with the Greeks of Cyprus.

Doing so is in the very own interests of his followers. The Greek section of the island has recovered remarkably from the invasion of 1974: the Turkish section has not. Turks on the island could only profit by the removal of the hindrances erected to the movement of people and goods from one part of Cyprus to the other.

Likewise the international community should make clear its disapproval of Turkey's hasty recognition of Mr Denktash's republic. In particular Ankara must not listen to those hotheads who would like to annex northern Cyprus.

Privileged professionals

MR NORMAN TEBBIT took evident enthusiasm to the task of attacking monopoly power in the labour market when he presided over the Department of Employment. Will he take the same robust approach to restrictive trade practices in the professions now that he finds himself at Trade and Industry?

At a crude political level there could be some advantage in demonstrating even-handed*ness as between one kind of* closed shop and another. But the more fundamental case for looking afresh at restrictive practices in the professions was provided by Sir Gordon Borrie, Director General of Fair Trading, in a thoughtful and provocative speech earlier this week.

Sir Gordon argued that the professions "have often sought to create for themselves greater monopoly rights than can be justified, reduced competition between themselves by the device of minimum charges and by rules restricting how clients may be attracted, restricted the type of business organisation to be allowed and resisted any form of public accountability." Together, he argued, these features represented the less acceptable face of the professions.

This was a brave sally at a formidable target. The professions are powerful, well-organised interest groups, often well represented in parliament (notoriously so in the case of the law), which are regarded by many almost as part of the fabric of the social system. While it is fashionable to decry anything done in the name of public interest, the professions do, in the main, bring higher ethical and professional standards to bear in sometimes complex areas where the consumer might be at risk in conditions of totally free competition. This Sir Gordon is the first to concede.

There is, however, an implicit trade-off between these admirable features of professional behaviour and the less desirable results of granting monopoly rights to individual groups. Statutory underpinning of barriers to entry create the conditions in which efficiency flags and cartels flourish, because the consumer is deprived of competitive alternative service. If price competition is restricted, some consumers will inevitably receive half service for the full fee. And in the absence of full market discipline professions respond sluggishly to change.

Happily, minimum charges are on the wane and in some areas, such as the financial system, restrictive practices are beginning to be undermined by structural change. But it is hard *to believe that the extraordin*ary difficulty people have in buying and selling houses in Britain is unconnected with the existence of restrictive practices; or that the barriers to entry imposed by the 1958 Opticians Act are absolutely essential.

Disclosure

Sir Gordon Borrie implies that if the professions are to continue to enjoy the benefits of self-regulation, they must be seen to operate increasingly as publicly responsible and publicly accountable bodies. And he argues that the principle of adherence to professional standards is not so delicate a plant that it would wither and die if professionals worked in a corporate structure, or a mixed group providing a wide range of professional services.

In our view the argument could be taken further. There is a case for Companies Act-style disclosure requirements for partnerships above a certain size since disclosure acts as an important competitive and financial discipline and an appropriate quid pro quo for the grant of monopoly power.

At the same time, Mr Tebbit might care to consider a wider role for the Monopolies Commission in this area, in the same way that the nationalised industries have been subjected to increased scrutiny. Statutory protection from market pressure calls for such checks and balances.

But it is important that the Monopolies Commission's recommendations should be heeded. Mr Tebbit could send a useful signal to the professions by devoting critical attention to veterinary surgeons, who have made only a modest response to the Commission's critical findings on their restrictive advertising practices.

WORLD MACHINE TOOL INDUSTRY

Revolution and shake-out

By Ian Rodger

THE world's machine tool makers are on the verge of unprecedented upheaval as the second revolution in manufacturing technology in less than a decade gets under way.

Today, manufacturers everywhere are looking to new systems for automating not just machining but entire processes and even whole factories to help them cut costs and maintain competitiveness. Experts say more than $100bn will be spent in the next six years to *re-tool and automate factories* in the U.S. and Europe.

For the world's depressed machine tool industries, this should be spectacularly good news. Unfortunately, only a few machine tool builders seem to have the resources and skills to meet the rigorous new demands of their traditional customers.

Indeed, most machine tool companies are still trying to adjust to the effects of the first revolution in manufacturing technology. The emergence of computer numerically controlled (CNC) machine tools in the past five years has undermined the demand for many conventional machines, and sapped the strength of many established U.S. and European producers.

Even the strong machine tool companies now face tougher competition than ever before. The dazzling growth prospects in factory automation markets are attracting some of the world's biggest corporations, such as IBM, Westinghouse and General Electric of the U.S.

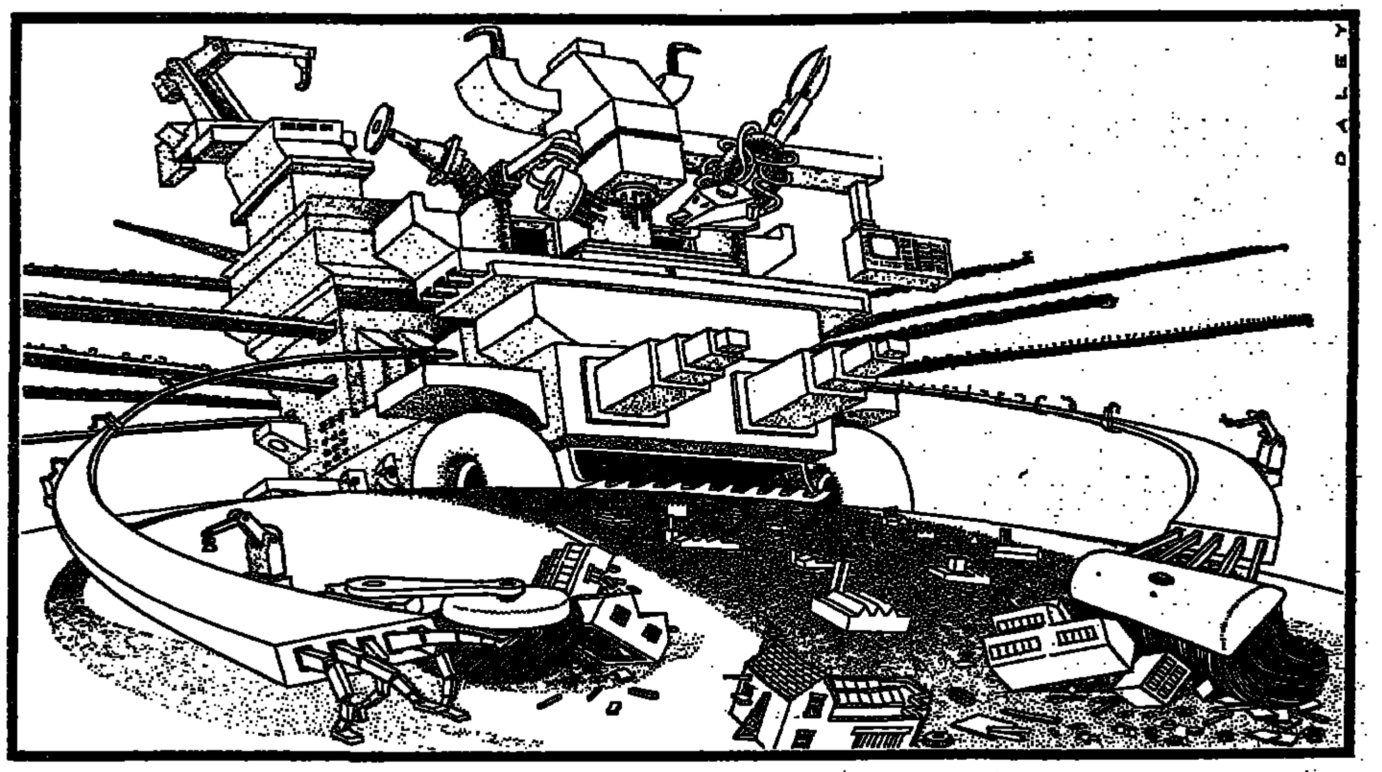
All this points to one conclusion. "There is going to be a massive shakeout in the machine tool industries in the next five years," predicts Mr Tom Gunn, manager of the computer integrated manufacturing group at consultants Arthur D. Little of Boston.

There is some irony in the plight of an industry that has always been looked on as the supplier of improved productivity to other industries. But the machine tool industry was poorly structured to adapt to the kind of massive technological change that has occurred in the past few years.

Traditionally, it has consisted of hundreds of relatively small, modestly capitalised companies, each specialising in making one or two types of machine tool for which it was renowned throughout the world. No one country was self-sufficient in machine tools, and most leading industrialised countries had a high degree of both exports and *imports*.

But the introduction of computer controls and other refinements changed all that. In the first place, CNC controls vastly increased the productivity of machine tools. This was excellent for the customers but bad for machine tool sales. The total number of lathes sold by UK manufacturers, for example, has plummeted from 18,000 in 1973 to just over 6,000 last year.

Second, powerful CNC controls made it practical to instal versatile and precise power drives on machine tools, so that both the cutting tool and the workpiece could travel over significant distances without sacrificing rigidity and accuracy.



❛The new automated systems sweep aside conventional ones❜

This meant that one machine could be used to mill both large components (such as engine blocks) and small ones (such as gearbox housings) where previously two milling machines might have been needed. Better still, a single new machine could mill, bore, drill and cut threads and do all these operations on up to five of the six sides of a block of metal in one set-up, thus increasing productivity and at the same time dispensing with a significant number of specialised machine tools previously needed.

The impact on the sales of some traditional specialised machines was devastating. UK manufacturers' sales of boring machines fell from 383 units in 1973 to 150 last year Over the same period, milling machine sales dropped from 5,265 to 2,160.

Many Western companies became too weak financially to develop new CNC machine tools, and the field was soon dominated by Japanese producers. By last year, the Japanese had 80 per cent of the U.S. market for CNC lathes and more than a third of the West German and British markets.

Western companies are gradually catching up, but the result is the appearance on the market of an increasing number of virtually identical CNC lathes and machining centres.

In these circumstances, and considering the overall slump in machine tool orders in the past three years, it is surprising that a massive shakeout has not already occurred. Presumably, many competitors are hanging on in the hope that sales will perk up when corporate capital spending recovers.

However, the second revolution in manufacturing technology could upset a lot of calculations. Whereas two years ago the average manufacturer was interested in buying a single CNC machine tool to improve productivity, today he is thinking in terms of automated manufacturing systems which sweep aside conventional equipment.

These range from the simplest cell in which a machining centre or lathe is fed automatically by a robot or from a carousel of pallets to more elaborate systems combining a number of machine tools and capable of machining a variety of parts without supervision, the so-called flexible manufacturing systems (FMS). Ultimately, systems will be installed that automate everything from product design through manufacture to assembly and packaging. This is called computer integrated manufacturing (CIM).

There is considerable debate about how quickly the more elaborate types of systems will appear on the factory floor, but even the simple cells that are already becoming commonplace represent a significant change in technology, with major consequences in the marketplace.

For one thing, much more custom engineering is needed in systems than in stand-alone machine tools. Many analysts expect that the Japanese will gradually lose their edge in Western factory automation markets because of the difficulty of providing these services from a distant base.

Second, there is a vast increase in the electronic content in systems, both in hardware — sensors, process controllers, computer aided design (CAD) systems, and inspection devices—and in software. Mr Gunn of Arthur D. Little estimates that over half the total spending on factory automation in the next decade will be on computer-related products and systems. The problem for most traditional machine tool builders is that they have little expertise in these areas and no way of obtaining it.

It is too soon to predict how the factory supply industry will be reshaped, but some indications came from the strategies being adopted by some of the more important companies.

The leading electronic companies, such as GE, Hewlett-Packard, Digital Equipment and (the one everyone dreads) IBM, will probably look mainly for opportunities to develop fully integrated systems.

GE has poured over $500m in the past three years into putting together what it calls an "across the board factory automation capability."

It has brought together its process control, electric drive and CNC products and acquired a computer-aided design (CAD) company, a rugged microchip maker and several robot manufacturing licences. To date, however, it has shown no interest in developing its own machine tools or acquiring any machine tool companies.

GE officials become coy when asked if their intention is to offer a "turnkey" type service to any manufacturer who wants to build an automated factory. But there is little doubt that is what they, and some other large electronic companies are up to.

With such an approach, any machine tools needed would be bought in, just like conveyors, guided vehicles and other specialised bits of hardware.

One potential problem for GE in such an approach arises from its position as a major supplier of CNC to many U.S. and European machine tool builders. Some of these builders are themselves aiming for turnkey markets and so may decide to buy controls from someone else.

Other control manufacturers, such as Allen-Bradley of the U.S. and Siemens of West Germany are cautious about competing with their customers.

Only a few machine tool builders are likely to be able to compete for factory automation system businesses in the next few years. Among the leaders today are Cincinnati Milacron, Kearney and Trecker and Giddings and Lewis of the U.S., Gildemeister, Scharmann and Trumpf of West Germany, Olivetti and Mandelli of Italy and Toshiba, Yamazaki and Okuma of Japan.

All these companies were forward looking enough in the 1970s to develop their own CNC systems. Olivetti and Okuma also offer their controls for sale to other machine tool builders.

Another group of machine tool companies—those that have specialised in providing large-scale, high-volume machining lines for the automobile industry—has the resources to compete in the new systems markets, and many of them are likely to do well. Among them are Cross & Trecker, Bendix and Ex-Cell-O of the U.S., Burkhardt & Weber of West Germany and Comau of Italy.

Financial strength is critical for survival in the factory systems market, notably because of the highr cost of preparing proposals for potential customers.

Although all the excitement today is about factory automation systems, there will continue to be considerable demand for efficient, stand-alone machine tools.

But competition for this type of business will be based mainly on price and only the most efficient machine tool builders will survive.

Demand will also continue for some of the traditional specialised machine tools, such as the small, precision grinding machines used to shape cutting tools and gear cutting machines.

Moreover, the development of automated systems has brought with it the need for a number of new types of specialised machines, notably devices for recording the position of a tool in a fixture and others for inspecting machined products.

But the outlook for many traditional machine builders looks very bleak indeed.

A GUIDE TO THE TECHNOLOGY

● 1952—The first numerical control (NC) is developed at the Massachusetts Institute of Technology. NC involves the feeding of a successive stream of co-ordinates into a machine, usually via punched paper tape, which then guides the cutting tool through those points. Previously, templates were used as guides. NC is faster and guarantees perfect copies.

● 1960 — Machine tool builders start to introduce NC on commercial machines, particularly boring machines. Among the early NC suppliers are Ferranti of Britain, Bunker Ramo of the U.S. and some machine tool builders, such as Cincinnati Milacron of the U.S.

● 1973—The first computer numerical controls (CNC) appear. Direct input of co-ordinate data to a mini-computer replaces the punched paper tape. Advanced versions of CNC today simplify the input and control spindle drive speed, tool selection and cutting angle and depth. The world leader in the supply of CNC is Fanuc of Japan. General Electric and Allen-Bradley of the U.S. follow. A few machine tool builders make their own CNC.

● 1980—The first flexible manufacturing systems (FMS) appear, in which a series of machine tools under computer control carry out a number of operations on different workpieces without human intervention to alter programmes and set-ups. These systems are made possible by advances in automatic handling and sensing technologies, notably robotics, and the declining cost and increasing power of process controllers and CNC.

Men & Matters

Hunt for industry

Governor James Hunt of North Carolina was in London yesterday on yet another of the trade missions that have established his state second only to California as a centre of high-tech industry.

For 30 years one of the most outward-looking U.S. states (former Governor Luther Hodges, later Kennedy's Secretary for Commerce, led the first-ever state trade mission to Europe in the 1950s), North Carolina now has no less than 320 companies from 20 different countries operating there.

Since Hunt was elected in 1976, the state's industrial revolution has accelerated. Investment in the past six years has totalled $11bn, bringing 160,000 new manufacturing jobs.

Aged 45, the slightly-built but steely Hunt has led an aggressive search for the new industry which has transformed the state's economy from an agricultural base.

And he has reinforced the state's appeal to high-tech industrialists by pushing through major improvements in its education system. More than ½m students a year now enter its 58 technical and community colleges; one out of every six adults does some type of vocational training; and a second university/industry research park is being developed.

The son of a tobacco farmer, Hunt was a Ford Foundation economic adviser in Nepal for two years before returning to North Carolina to practise law and eventually move into politics.

He is a shrewd politician—successfully amending the state constitution to allow himself a second term as Governor—and has risen high in the Democratic Party's hierarchy.

He will be back in Britain next July to join the 400th anniversary celebrations of the British settlement of North Carolina.

Then he faces the critical test of his political career: a fight for a seat in the U.S. Senate against arch-Rightwinger Jesse Helms, which is already being billed as a classic contest between conservative diehards and progressive liberals.

Poles apart

Forty Western journalists and their Polish assistants were rounded up yesterday by police for "doorstepping" (as it is known in the hacks' trade) at the Gdansk public prosecutor's office for the interrogation of the Rev Henryk Jankowski, friend and confessor to Lech Walesa.

They were freed after an hour, with a warning from the police not to cover "sensational events" and an invitation for the TV crews to film, instead, the launching of a ship from the Lenin yard where Solidarity was formed.

An American reporter for the ABC network said he had been trying for nearly two years to get inside the yard to film, but had been refused permission on the grounds that the shipyard was defence-related. Funny how priorities change.

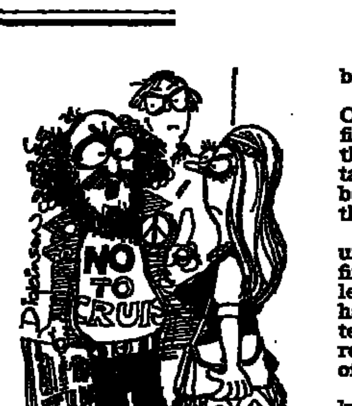
Each way bet

For the adventurer who wishes to descend to new depths in an unusual career . . . how about digging for profit in your own tin and lead mine?

Auctioneers Harman Healy and Company of London have a suitable property. It is a Welsh mine near Aberystwyth which may go for under £1,000 when it is offered at the London Auction Mart in the Connaught Rooms on November 24.

The Van Lead Mines at Van Llanidloes were started in the 1860s and at one point employed more than 700. They have not been worked for more than half a century but are thought to contain lead.

And if the minerals income does not prove attractive, the auctioneers suggest the mine would make a perfect nuclear shelter.



"and don't be late—there's no dual key arrangement in this house until you're 18"

Universal price

Frank Price is about the nearest thing the U.S. film industry has at present to an old-time movie mogul. An enormously successful television producer at Universal Studios, Hollywood, he moved into feature films at Columbia five years ago and was quickly promoted to chairman of the motion picture division with a $10m contract over four years. But he soon fell out with the Coca-Cola management when that soft drinks company bought Columbia last January.

Yesterday came the expected upheaval. He moved back to Universal.

Price, aged 53, is reported to have disagreed violently with Coca-Cola over the way to tackle the cable movie business. But his departure from Columbia also marks a typical film industry clash between the free-spending world of Hollywood and the cash control systems of big business.

Even before his departure Coca-Cola was moving its finance and marketing men into the film company, and has since talked pointedly about its disbelief in the "great man" theory of operating a business.

Coca-Cola also says it was unhappy about Columbia's financial performance after a lean summer. But it could hardly knock Price's longer-term record which includes the recent Gandhi and Tootsie box office hits.

At Universal, Price was known for creating highly popular series which have swept the world. Middle-aged readers will remember the Virginian and Ironside. More recently he was the executive producer for Kojak, the Bionic Woman, and the Incredible Hulk.

For the time being, however, he is not expected to be adding new characters to this formidable gallery of muscle. At Universal, he will head the feature film division—and presumably take up cudgels against the "Coke" men at Columbia.

Foot the bill

A University of Southern California research team claims to have designed a floor covering that takes the strain out of standing.

Assistant professor of medicine, Dr Charles Brantingham is due to present the findings to a public health convention today. But he reckons it has already passed one impressive trial. A mile of the surface—designed with a continuous series of four-inch elevated triangles—was installed at an Atlantic City casino.

Profits soared because gamblers could stand longer at the tables and fruit machines and lose more money, he says.

Observer

Crisis in Cyprus

Denktash cuts loose

By Andriana Ierodiaconou in Athens

THE DECISION by the Turkish Cypriot leader, Mr Raouf Denktash, to go ahead with a unilateral declaration of independence (UDI) in Turkish-occupied Northern Cyprus is the most serious crisis in the affairs of the island since 1974.

That was when a coup, organised by the Greek military junta of the day against the Makarios government, prompted Ankara to invade and occupy about 36 per cent of Cypriot territory.

The 1974 crisis brought Greece and Turkey—Nato allies, but centuries-old enemies—to the brink of war. This was staved off only by the collapse of the military regime in Athens. Both countries have political stakes in the strategic island: some 80 per cent of its population is Greek Cypriot and 18 per cent Turkish.

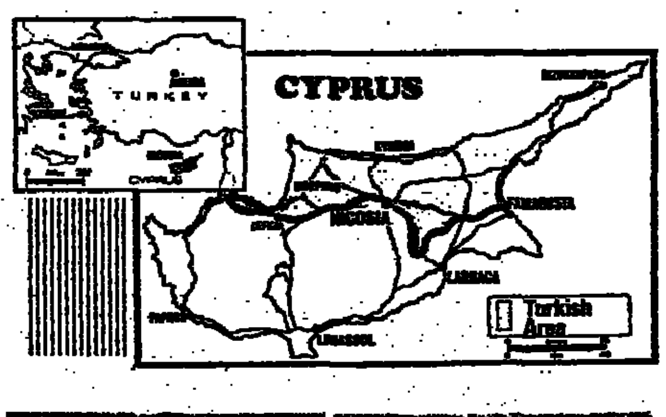
Mr Denktash's latest move can once again be expected to cause serious convulsions in Greek-Turkish relations. These could have repercussions on security in the Aegean and on the stability of Nato's vital south eastern flank. But the extent and gravity of this cannot be gauged yet.

The implications overshadow the most immediate effect of the Turkish Cypriot UDI decision—which is to deal a fatal blow to the peace initiative for Cyprus launched last August, with the support of western capitals such as Washington and London, by Sr Javier Perez de Cuellar, the UN Secretary General.

Sr de Cuellar had made proposals for a territorial and constitutional arrangement on the island which he hoped would be acceptable to both the Greek Cypriot and Turkish Cypriot sides.

Mr Denktash turned a cold shoulder on these proposals and suggested instead that there should be a summit meeting with the Cypriot President Mr Spyros Kyprianou. The UN Secretary General was in the process of organising such a meeting this month—possibly for January 1984—but the UDI move has now cut across these efforts.

Why has Mr Denktash declared UDI? A key reason is anxiety to end what he describes as "an economic embargo" which has been maintained through diplomatic pressure from the Cypriot government against the northern part of Cyprus since 1974.



The two protagonists—Mr Spyros Kyprianou (left) the Cypriot President, and Mr Raouf Denktash, the Turkish Cypriot leader.

This has meant that tourists—a potentially important source of income—have come mainly from Turkey. It has also meant that northern Cyprus is not directly served by international air links and that the port of Famagusta has been blacked by many international shipping lines.

Any UN activity apart, the initiative would now seem to lie with Athens and Ankara. On one side of the Aegean there is the Greek socialist government of Dr Andreas Papandreou. This has adopted a toughly nationalistic line towards Turkey, declared Cyprus a foreign policy priority, and increased economic and military aid to the island. The UDI move is the most serious foreign policy crisis yet faced by the socialists.

Dr Papandreou, who is given to referring to Cyprus as part of Greek "national space," made an emotional visit to the island to pledge his support a few months after taking office. He will now feel under considerable pressure to react decisively to what is seen in Athens to be nose-thumbing by Mr Denktash.

On the other side of the Aegean, in Ankara, the *UDI* move coincides with a delicate transfer of power from the military regime of General Kenan Evren to the civilian government of Mr Turgut Ozal and his "Turkish Motherland Party," following the early November election. Mr Ozal's government is not due to take over power until the beginning of December.

The hiatus might explain Mr Denktash's timing. The declaration of the "Turkish Republic of Northern Cyprus" was not in itself surprising. Mr Denktash has been threatening UDI for some years now, and he has been doing so even more vocally since May, after pulling out of the UN-sponsored intercommunal talks in Nicosia in protest over a Greek Cypriot recourse to the UN.

But yesterday's move nevertheless caught Athens and Nicosia, as well as western capitals, by surprise.

Turkey was believed to be under some pressure from Nato allies, such as Britain and the United States, to curb Mr Denktash and prevent a further deterioration in Greek-Turkish relations.

Ankara itself is believed to have felt that a UDI move would create diplomatic problems for General Evren's regime in places such as the Council of Europe, the EEC, the United Nations and Nato.

By making his move this week, Mr Denktash may have hoped to circumvent this problem. This way he avoids directly burdening with the responsibility for UDI either the Turkish Generals, with whom he has never been very popular, or Mr Ozal, with whom he is also not particularly in favour. However, Mr Ozal was reported this week as saying that if the Turkish Cypriots declared UDI "we will support them."

Initial reaction among Greece's Nato and EEC partners has been to condemn the UDI move. Britain, a guarantor of the 1960 Cyprus independence agreement, which ended colonial rule on the island, has come out with a particularly *strong statement deploring* the move. Under the London and Zurich agreements, Britain, Turkey and Greece became co-guarantors of the independence and constitutional status quo of the new Cyprus republic.

More diplomatic pressure will be brought to bear on Turkey after a meeting of the UN Security Council which is being sought by the Cypriot government.

All this is unlikely to reverse Mr Denktash's decision.

Whether Mr Denktash will succeed with his aims will depend on how much diplomatic recognition he can get for his newly declared state. He will be expected to seek support among the Islamic countries such as Pakistan and the Arab countries of the Middle East, which in the past have shown themselves sympathetic, for reasons of religious solidarity, to the Turkish cause in Cyprus. But he can count on an active diplomatic war with both Nicosia and Athens.

Whether hostilities go further than that may well depend on the diplomatic efforts of NATO and EEC countries—particularly Britain, which has a special responsibility for Cyprus—and the circumspection of both Athens and Ankara.

London's Stock Exchange

A new trading structure for a new era

By David LeRoy-Lewis

IT IS generally accepted that the introduction of negotiated *commissions* will bring about changes in the Stock Exchange. Some of the aspects of these changes are discussed in the City Capital Markets Committee's Paper* dated November 2, 1983. In particular, the paper sets out the reasons why the jobbing system is not *expected to survive* the impact of negotiated commissions and lists the essential market characteristics which must be maintained thereafter.

The cessation of the jobbing system would inevitably reduce the liquidity and continuity of the market. This must be *counteracted in order* to preserve the central market concept and to frustrate any market fragmentation. The maintenance of the required degree of liquidity could be achieved by increasing the number of participants in the central market. Increased liquidity is not necessarily achieved solely by the injection of more capital.

This article suggests an alternative trading structure preserving, at least in part, the established benefits of separation of capacity, while accepting the impossibility of preserving the jobbing system. Separation of capacity imposes a practical distinction between trading as a principal and acting as an agent.

It has been suggested that the basis of membership of the Stock Exchange should be broadened. If a merchant or clearing bank were to be admitted to membership, others of the same category could not, without very good reason, be refused. The same difficulties would apply to the admission of an integrated financial services concern, a foreign broker, a pension fund or any large user of the market. In a short time the Stock Exchange, with its important self-regulatory role, would become dominated by professional market users and its character would inevitably change. What some financial institutions have wanted, and still want, is not necessarily membership with its responsibilities but rather direct access to the facilities of the Stock Exchange.

The following outline framework is therefore suggested for a new market structure compatible with negotiated commissions.

The Stock Exchange would establish and maintain three new registers entitling those that are admitted to carry out certain activities under the jurisdiction of the council. The registers might be named:

● "The Register of Stock Exchange Member Firms (Agents)." Only those admitted to this register would be entitled to transact business as expert agents on behalf of their clients. This agency business would normally be covered by the compensation fund, which presently provides investors with financial protection from losses arising from the default of a Stock Exchange member.

● "The Register of Market Makers." Those admitted would have representation on the Stock Exchange *floor and would deal* directly only with other market makers and with those on the Register of Stock Exchange Member Firms (Agents). The Stock Exchange would have the right to monitor the transactions of market makers so as to ensure that they were not using the market-making function *solely for taking the occasional* speculative trading position.

All market makers would have the obligation immediately to enter the details of each transaction on the Stock Exchange tape, thus providing appropriate safeguards for market users.

● "Register of Stock Exchange New Issuers." In order to ensure that new capital would continue to be raised efficiently in the market and under the control of the Stock Exchange, a register of Stock Exchange new issuers would be established.

All members of the Stock Exchange would be entitled to apply for admission to any or all of the three Registers. Only they would be able to conduct agency business on behalf of clients under the rules of the Stock Exchange. All contract notes would [illegible] to indicate whether the trade was executed by the Stock Exchange member as an agent or as a principal, whether it was covered by the compensation fund and the time that the transaction was effected.

Non Stock Exchange members, belonging to constituent organisations of the Council of the Securities Industry, would be entitled to apply to the Stock Exchange for admission to the "register of market makers." This register would also include those Stock Exchange member firms who had so elected. Market makers, who are not members of the Stock Exchange, would be *required voluntarily to agree to* comply with the appropriate rules and regulations and to accept the disciplinary procedures of the Stock Exchange.

Stock Exchange business would be transacted by stock exchange members, and authorised clerks, in the employment of the non-member market maker concerned. Non-member market makers would have to undertake to the Stock Exchange to transact all their business in the market unless specifically exempted. They would be entitled, as are members of the Stock Exchange, to transact their own investment business in this way without employing a member firm.

A stamp duty concession, similar to that presently available to jobbers, would be extended statutorily to all on the register of market makers. They would contribute to the compensation fund. The requirement to settle market transactions through Talisman, the Stock Exchange's computerised settlement system, would be extended to non-member market makers.

Admission of non members to the register of Stock Exchange new issuers would be confined to members of the Issuing Houses Association. Those admitted would have direct access to the Stock Exchange's quotations committee and, if they were on the register of market makers, to the market as well. They would be expected voluntarily to agree to comply with the appropriate rules and regulations and to accept the disciplinary procedures of the Stock Exchange.

Such a system would enable:

● The Stock Exchange to continue to maintain the proper regulation of the market.

● The Bank of England to continue to conduct its open market operations through the Government broker.

● *The Stock Exchange to continue* the permitted interest being taken in member firms by outside investors, possibly with restrictions on non-member market makers who might wish to have interests in member firms on the register of stock exchange member firms (agents).

Such a market structure would preserve the concept of the central market. By providing more participants and attractive terms for their participation, it should preserve the market's liquidity and continuity, with dealing prices still being determined competitively.

The market would continue to be regulated and supervised by the Stock Exchange. There would be no dilution of membership so that the characteristics and independence of the Stock Exchange and its Council, reinforced by a number of lay members, would be retained.

Investors would be protected in two ways. First, the compensation fund would cover transactions executed on an agency basis by those members on the register of Stock Exchange member firms (agents). Secondly, since a number of member market makers might be dealing in dual capacity, there would be a Stock Exchange tape, against which execution prices could be checked.

Finally, the suggested structure would, in part, retain a separation of capacity between market makers and agents. This is the principle which has, for the past 70 years, retained the confidence both of market users and the Stock Exchange.

The author was chairman of Akroyd & Smithers from 1976 to 1981 and a deputy chairman of the Stock Exchange from 1973-76. He is now deputy chairman of Touche Remnant, and chairman of both Henry Ansbacher Holdings and R. B. Martin. He is a member of the City Capital Markets Committee.

* Copies obtainable from City Capital Markets Committee, c/o Bank of England, Threadneedle Street, London EC2R 8AH.

Letters to the Editor

Capriciousness and the price of electricity

From Mr M. Skillicorn

Sir,—We hear that the Chancellor of the Exchequer will announce measures tomorrow, the effect of which will be to cause electricity prices to rise. The electricity supply industry pursues an objective return on its assets in compliance with the nationalisation Acts. It is also required to meet annual external financing limits which nowadays lead to cash payments to the Treasury after funding capital requirements.

As a result of cost reduction, a lower rate of inflation than predicted and a keenly negotiated coal supply agreement, the electricity industry should perform better than its budget in 1983-84 and could meet the financial criteria for 1984-85 without price increases. Electricity management can believe *that it is playing its part in re*storing the international competitiveness of British industry and in eliminating inflation.

These benefits are lost if, at a stroke, the Star Chamber changes the financial objectives of the industry. Government has a duty to levy taxes, but it should do so properly. The extra revenue which it now seeks to collect from electricity could equally be raised by applying the standard rate of VAT. The burden would fall on domestic consumers, for whom electricity prices are lower than in other countries, and not serve to make British exports less competitive and imports relatively cheaper.

Many people doubt the feasibility of privatising the electricity industry. It is now clear, however, that the industry and its customers need protection from the acts of capricious governments.

M. D. Skillicorn.
King's Field House,
Elmhurst,
Lichfield, Staffs.

America and the Caribbean

From Mr P. Drexler

Sir,—It may interest readers, in light of the criticism of the American intervention in Grenada, to recall the British experience in Anguilla in 1969. Richard Crossman reports in his diaries that the British intervention was undertaken in the *belief* that American criminal elements were attempting to take advantage of unrest to turn the island into a "gambling hell." But this information proved spurious; only one rifle could be found in Anguilla. The trouble was merely related to a desire for greater independence from St Kitts. *Britain acted* in good faith, and because it was responsible for the external affairs of the island, its actions were entirely legal. But the whole affair was nevertheless a "fiasco" because, unlike the Falklands, no clear national interest was at stake, and no broader international purpose was served.

The intervention in Grenada (which uncovered substantially more than one rifle) received broad support in the United States because it did serve an important national as well as international purpose. The national interest was the safety of several hundred American residents; the international interest was to prevent the establishment of a Cuban military base. We are prepared to tolerate unfriendly governments in this hemisphere, but I do not see why we should tolerate the expansion of potentially hostile Cuban military installations.

We have undertaken grave and burdensome responsibilities for the defence of Europe, the Middle East, and the Far East. Is it really fair for Europeans to suggest that we should neglect our interests in our own backyard? We welcome advice (particularly from Britain), nor would we deny that we can benefit from criticism. But I hope I am not overly cynical in stating that few Europeans seem to have troubled themselves to think seriously about America's interests and vulnerability in the Caribbean.

I would guess that on further reflection the first successful use of American military power in a good many years would not be altogether unwelcome to our *allies*. This action after all would seem to meet even Gladstone's high standard, that foreign interventions should be "rare, efficacious, and short."

I wish we could have consulted more fully with Britain, and spared the Foreign Secretary from undeserved embarrassment. The fact that the United States had suffered a grievious military reverse in Lebanon and that the President's staff had been subjected to an ugly hostage incident during the time in which these decisions were made will, I hope, be accepted as a circumstance mitigating our lack of consideration.

Paul H. Drexler.
473, Upper Mountain Avenue,
Upper Montclair,
New Jersey,
U.S.A. 07043.

The European motor industry

From the Group Chief Executive — Cars, BL.

Sir, — Mr W. Manly (November 10) takes me to task for my view, expressed to the Motor Agents' Association, about the serious over-capacity which currently exists in the European motor industry.

I did not suggest that this surplus capacity — estimated at some 3m units a year — should be reduced to help the UK motor industry. We have already taken action and, indeed, are now seeing the benefits of bringing capacity into line with demand through a gradual return to profitability.

My point was that, sooner or later, European manufacturers will have to bite the same bullet to achieve adequate levels of profit, only two out of eight major European car manufacturers were profitable last year.

Unlike Mr Manly, I believe that the painful and comprehensive restructuring of the industry in this country has given *the UK motor industry a firm* basis for the future. Productivity, efficiency and all-round competitiveness is rising rapidly to the best European standards, but no-one can be complacent, given that Japanese manufacturers still remain some way ahead of us.

Ray Horrocks.
35-38 Portman Square, W1

Estate agents' commission

From Mr P. Gerdes

Sir,—I have read with interest the correspondence dealing with the question of when an estate agent earns his commission.

During my days in estate agency the question of the fee being earned was simplified by confirming instructions with the following words—X per cent commission to be paid by the vendor if "my firm introduces a purchaser who proceeds to completion."

I used to look on exchange of contracts as the final hurdle and the period up to completion simply as the run-in. In other words when contracts were exchanged I had effectively earned my commission. The number of cases that faltered between exchange and completion were negligible and discounted accordingly.

Peter J. Gerdes,
"Inglewood,"
Sheiling Road,
Crowborough, East Sussex.

Non-use of nuclear weapons

From Mr J. Spicer, MP

Sir,—Once again, the issue of "first use" and "no first use" is being clouded, this time by Mr Denzil Davies (November 10). Cruise and Pershing II are not designed, as he avers, for fighting a war, limited or not, but for preventing war. This is what the policy of deterrence is all about and which has been successful.

But, even taking Mr Davies' argument on his own terms, NATO's policy is not one of first use; it has merely refused to surrender that option if it is being overwhelmed in a conventional attack. That, again, as he should recognise is part of the deterrence strategy.

The Soviet declaration of "no first use" is too often bandied around as a cast iron intent; the nature of the Soviet system gives few grounds for believing that a mere declaration would be treated as sacrosanct if advantage would accrue from ignoring it. In fact, as Mr Davies himself knows, NATO's policy is one of "no first use" not only of nuclear but also of conventional weapons, except in *response to attack. That is* a far broader commitment than the Soviet declaration. Any change in that policy could only be a retrograde one.

Jim Spicer.
House of Commons, SW1

Clamp on unlicensed vehicles

From Mr L. Robinson

Sir,—Mr Gordon Downey, the Comptroller and Auditor-General, estimates that £170m, was lost in the last financial year through evasion of vehicles excise duty. If the average duty is £85 a simple calculation shows there were 2m unlicensed vehicles on the road.

Mr Downey's report mentions the problems of overcoming this evasion of vehicles excise duty. With the arrival of the Denver boot, now being enthusiastically clamped on illegally parked vehicles in London, surely the Denver treatment can be used on unlicenced cars too? If, after clamping, the vehicle is freed only on the production of a valid licence, an insurance cover note and a substantial fine the problem of recovering vehicle excise duty should diminish.

Perhaps a fine of £200 can be levied—the same as for an unlicensed TV set. If a quarter of the estimated number of unlicensed were successfully clamped in the first year the potential duty payable would be £42½m and the fines £100m.

Leslie A. Robinson.
47 Mount Pleasant Villas, N4.

FINANCIAL TIMES

Wednesday November 16 1983

Pretoria minister quits over claims of secret deal

By Bernard Simon in Johannesburg

THE SOUTH AFRICAN Minister of Manpower and parliamentary leader in the country's all-white House of Assembly, Mr S. F. "Fanie" Botha, has resigned suddenly in the wake of allegations that he reneged on a secret deal involving diamond mining leases.

The departure of Mr Botha, who is also the most senior member in the Cabinet after the prime minister, is a severe blow to the Government. He is the most widely respected Cabinet minister among the business community as a result of his pragmatic handling of the sensitive labour portfolio.

Mr Botha, aged 61, joined the Cabinet as Minister of Water Affairs in 1968. Since becoming Minister of Manpower seven years ago, he has overseen significant labour reforms, including the loosening of restrictions on black trade unions, abolition of statutory job reservation and a streamlined industrial conciliation machinery.

Advances in the labour field are arguably the only real reforms in Pretoria's race policies in recent years.

In a remarkably cool statement, Mr P. W. Botha, Prime Minister, who is no relation, said last night that "it just so happens that a single unpleasant event casts a shadow over the constructive contribution of a person's life."

Many details of the circumstances surrounding Mr Fanie Botha's resignation remain unclear. A newspaper published allegations last weekend that he failed to provide diamond mining leases to a retired air force brigadier as part of a secret transaction which reportedly benefited South Africa in an unspecified way. The air force officer claimed that he holds promissory notes worth R20,000 ($17,000) signed by Mr Botha.

Mr Botha said he disputes the allegation and will take "appropriate steps". But he added that he was resigning to avoid embarrassment to the Government.

In contrast to his astute handling of the labour portfolio, Mr Botha has made several political misjudgments. Earlier this year, he angered his Cabinet colleagues by provoking a by-election in his marginal northern Transvaal constituency after challenging the extreme right Conservative Party to an election contest.

During the election campaign, Mr Botha was accused of nepotism in the allocation of government funds for irrigation projects.

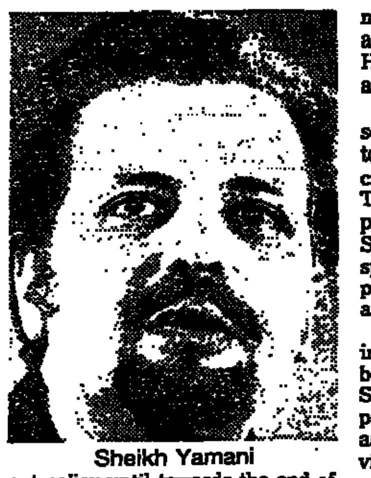
Opec production row delays strategy talks

BY RICHARD JOHNS IN LONDON

THE Organisation of Petroleum Exporting Countries' (Opec) talks in London on long-term strategy were delayed yesterday by an argument about overproduction by certain members, and the allocation of market shares.

Meaningful discussions eventually began in the evening after the committee, chaired by Sheikh Ahmed Zaki Yamani of Saudi Arabia and made up of representatives of six member countries, agreed to leave aside urgent short-term issues relating to the weakening market and sagging spot prices.

They will be discussed at the full ministerial conference in Geneva next month.



Sheikh Yamani

Opec's renewed attempt at a long-term strategy is likely to be a drawn-out affair. The consensus is that there will not be sufficient market stability to produce a coherent policy until towards the end of next year at least.

Also fundamental to the fortunes of all members is the revival of demand for Opec's oil, down by nearly a half over the past four years. However, there are differences of approach.

Algeria and Iran, both represented on the committee, would like to bring forward the time when increased oil prices will be possible. They want tighter control over output generally, particularly that of Saudi Arabia which was mainly responsible for the breach of Opec's production ceiling of 17.5m barrels a day in the second quarter.

They seek to maximise revenues in the short term, while other members with larger reserves especially Saudi Arabia, want to ensure dependence on their exports as long as possible, and take a longer-term view.

Also represented on the committee, and believed broadly to support the Saudi position, are Iraq, Kuwait and Venezuela.

UK firm wins design contract for second Bosphorus bridge

BY PETER BRUCE IN LONDON

A CONTRACT to design a second bridge over the Bosphorus in Turkey has been awarded to a firm of British consulting engineers whose design of the superstructure of a key UK bridge has recently been the focus of heated controversy.

Freeman Fox, which also designed the first bridge over the Bosphorus, succeeded in winning the £3.6m ($5.3m) Turkish contract in the face of competition from four international competitors.

The new Bosphorus Bridge, 5km north of and marginally shorter than the 3,520-metre span on the first, which was completed in 1973, will cost around $220m.

Freeman Fox has been vigorously defending its design of the 17-year-old Severn Bridge, which links South-West England with South Wales. Ironically, one of the five consultancies shortlisted by the Turkish authorities was Britain's Mott Hay & Anderson, whose sharply worded reservations about the safety of the Severn Bridge, which spans the River Severn led to the imposition of strict traffic controls there when they were leaked to the British parliament.

Two U.S. consultants, Ammann and Whitney, and Steinman, Boynton, Gronquist and Birdsall, and Cowiconsult from Denmark were also on the final shortlist.

Like the first Bosphorus bridge, the new crossing will take three lanes of traffic each way and will probably be built to much the same specifications. That implies that the consultants will largely ignore what several designers in the UK and abroad feel are too stringent British Standards (BS) introduced since the Severn Bridge was completed in 1967.

For example, the old BS153, used in the Severn Bridge, provided for a loading of 600 kg per metre of span. BS 5400 then raised that to 900 kg and last year an interim standard raised it still further, to 1,800.

Although Freeman Fox are likely to introduce some innovations in their design, due to be completed by March 1985, the new bridge will probably make use of the aerodynamically shaped box girders. These set the Severn Bridge apart from previous suspension designs, which use heavy steel trusses to strengthen them. Freeman Fox have since used the same basic design in the first Bosphorus Bridge, and the newer Humber Bridge in the UK.

Mr Nicholas Ridley, the British Transport Secretary, is expected to take the Severn controversy further this week by outlining future traffic control plans to parliament.

He has also asked Mott Hay & Anderson and Flint and Neill, the consultant who first warned that the Severn Bridge was unsafe, to prepare a combined report on the structure. The Mott Hay report was more critical than the Flint and Neill assessment.

Rail projects studied for Gulf states and Southern Africa

BY OUR TRANSPORT CORRESPONDENT IN LONDON

TWO BIG railway construction projects are under consideration in the Middle East and Southern Africa.

The Gulf Co-operation Council has ordered a study on the feasibility of building a railway through its member states – Saudi Arabia, Kuwait, Oman, United Arab Emirates, Bahrain and Qatar – which could be linked with the Iraqi rail network.

Botswana, meanwhile, has commissioned a British consulting firm to assess the implications of building a 875-mile railway across the Kalahari desert to a terminal to be built on the coast of Namibia.

The Gulf study, by the British Rail consultancy Transmark, will assess the feasibility of building rail links:

- South from an extended Iraqi network to Kuwait and Saudi Arabia and
- From the existing Saudi Arabian rail network eastwards through the United Arab Emirates and into Oman.

The Southern African railway, intended in part to carry coal from landlocked Botswana to the Atlantic coast, would be one of the longest to be built anywhere in the world since the first world war.

Henderson Travers Morgan, the UK firm, is to study the economic, financial and engineering implications of building the railway in a report to be completed by January 1985.

If the project goes to the construction stage, it would follow two other major rail projects in Africa in recent years – the Tanzam railway built by the Chinese, and the Trans-Gabon railway which is under construction.

Soviet Union agrees to remain at talks

Continued from Page 1

designed to help the West German Government, which faces crucial parliamentary debate next week on the missile issue.

If, as expected, it wins the debate, the first nine of a planned 108 Pershing 2 missiles will arrive from the U.S. before the end of the month.

Our London staff writes: Eight nuclear warheads for U.S. cruise missiles are believed to have arrived in Britain yesterday. This followed the UK Government's announcement on Monday that the first of the missiles had arrived at the Greenham Common base in Berkshire, southern England.

Hundreds of women maintaining a peace camp around the perimeter of the base yesterday screamed and cried as they saw eight packages believed to contain the warheads, being unloaded

In the House of Commons last night, there was an angry clash between the Prime Minister, Mrs Margaret Thatcher, and Mr Neil Kinnock, leader of the opposition Labour Party. He called her a "lackey" of the U.S.

London exchange plans 'real-time' share index

BY JOHN MOORE IN LONDON

THE ruling council of the London Stock Exchange yesterday agreed to go ahead with plans to create a new share index, measuring the minute-by-minute movements of 100 shares on the stock market.

The move is designed to meet the needs of the London International Financial Futures Exchange (Liffe) and the stock exchange's own traded options market.

The London financial futures market intends to introduce a contract whereby investors will be able to hedge, through contracts, against movements in the stock market by taking a view on which way the market is likely to move in the future. Traded options specialists are considering developing a market in traded options, based on a share index.

At present there is no "real time" index on the London Stock Market such as both the financial futures market and the traded options specialists feel is necessary to the contracts they are designing.

The stock exchange council yesterday studied a paper which had been prepared after consultation with representatives from a number of City of London interests

Plea for tax changes on Irish stock exchange, Page 3; Milan bourse searches for confidence, Page 21; London and international market reports and prices, Section III

'Independence' for Turkish Cypriot state

Continued from Page 1

two sides. The talks have been suspended since April.

Mr Kyprianou told schoolchildren who staged a demonstration in Nicosia yesterday: "We shall never recognise this move by Denktash."

If the Turkish declaration of independence were accepted "a terrible precedent will be created for the whole world."

In Nicosia the Turkish Cypriots' proclamation of an independent state was seen as further proof of the Turks' long-term plan to partition the island and to hold on to the 40 per cent of Cyprus territory seized in the Turkish invasion in 1974 and ultimately annex it to mainland Turkey.

Exchange markets' instability 'can be smoothed'

By Margaret Hughes in London

GOVERNMENTS can do more to smooth out the volatility of foreign exchange markets in the long term by building their currencies' exchange rates into monetary policy than by direct intervention, Mr Christopher McMahon, Deputy Governor of the Bank of England, told a London conference on foreign exchange risks yesterday.

In the bank's first important pronouncement for some time on the role of exchange rates, Mr McMahon said that the fact that the UK Government took account of sterling in the conduct of its domestic policy might be having a stabilising and benign effect on the market.

Mr McMahon's remarks – in which he pointedly avoided saying exactly how sterling fitted into monetary policy – affirmed the Bank's view that governments can dampen speculation simply by letting it be known that they care about exchange rates. In a pointed reference to the laissez faire foreign-exchange policy of the U.S., he said: "Perhaps if all countries did so, we could begin to edge towards slightly greater stability worldwide." He cautioned, however, that there should be "no illusions" as to how much could be achieved or how quickly.

Mr McMahon argued in the belief that there was little prospect of a return to stable exchange rates. He expected the next 10 years to be as volatile as the last 10, and did not think that governments could do much about it. But, he said: "The proposition that I advance is that official indifference toward exchange rate movements may tend to produce anarchy; and that benig neglect does not have benign results but may result, rather, in disorder."

Mr McMahon told the conference, which was sponsored by the *International Herald Tribune*, that direct intervention was a "useful policy instrument," particularly when "national authorities are seen to act convincingly in concert." Markets, he claimed, often proved surprisingly receptive to a lead from the authorities. However, such intervention had a limited role and "could not be expected to do more than give a lead when markets have become disorderly or when movements differed greatly from those warranted by fundamental factors."

As a result, monetary and fiscal policy particularly the balance between the two, had to provide "the primary means of responding to the exchange-rate pressure."

Mr McMahon pointed to the relative success of the European Monetary System (EMS) in this context. An important effect of membership had been to make evident to markets that EMS governments attached importance to the exchange rate in the conduct of their national policies.

Membership of the EMS or any similar international co-operation, was not the only means of expressing official concern with the exchange rate. It could be used, as in the case of the UK, Mr McMahon argued, as an indicator of monetary conditions.

In some circumstances, this approach was similar in its effect to operating with an exchange-rate target, but, used as an indicator, movements in the exchange rates did not imply "a mechanical or automatic response."

That, Mr McMahon said, would depend on "our overall interpretation of monetary conditions at the time."

Record level of Krugerrands sold this year

By Our London Staff

PRIVATE investors have been buying krugerrands at record levels at a time when the price of gold bullion has been depressed.

International Gold Corporation, the marketing arm of the South African Chamber of Mines, says that *an increasing number of individuals* believe that, at current price levels, gold is an excellent investment in the medium to long term.

Worldwide sales of uncirculated krugerrands in the first 10 months of this year exceeded the volume for the whole of 1982. October sales were particularly buoyant, with the 378,693 ounces surpassing September's figure by 38 per cent.

In early October, gold bullion fell below $400 an ounce for the first time this year. Although it has settled into a steady trading range of $380 to $385, it has not shown any sign of recovery despite increasing world tension

Gold markets report, Page 42; Johannesburg stock market report, Page 33

THE LEX COLUMN

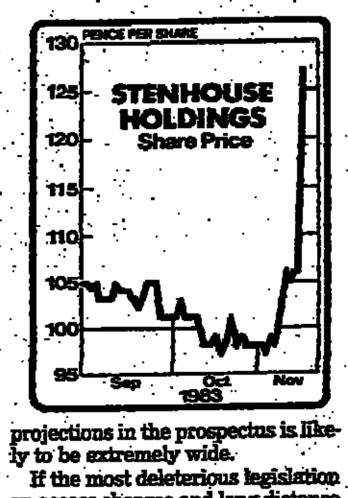
Stenhouse bids for Stenhouse

Stenhouse Holdings has long been one of the ghostlier shares traded on the London market, standing at a heavy discount to the market value of its principal asset – a 49 per cent stake in the Canadian Reed Stenhouse company – and providing its shareholders with little else except a minority interest in Noble Grossart and a postal address in Glasgow.

In the circumstances it might have been thought that when Reed Stenhouse offered to unscramble the omelette by means of a share and cash bid for Stenhouse Holdings, valuing the latter 32 per cent above its market capitalisation on Monday, at £53.2m, the approach would have been welcomed avidly.

Things have rarely been simple at Stenhouse, however, and Reed's merger proposal has thrown up conflicts of opinion in the Stenhouse board which parallel the cross holdings between the two companies. The Canadian directors, who are the only executives on the Holdings board, are naturally in favour; the Stenhouse family representatives who speak for 31 per cent of the shares are opposed, while the non-executives – including the chairman – remain divided.

The trouble is that the deal has necessarily been structured to appeal to the Canadian shareholders of Reed Stenhouse, who stand to receive a 10 per cent increase in earnings per share. But this is achieved by issuing fewer Reed Stenhouse shares to Holdings' shareholders than Holdings has at present, and there is nothing in exchange for the remaining assets. Up 21p yesterday to 127p, the share price seemed to be saying that Holdings, despite the complications, would soon be laid to rest.



AT & T

In the last month, the share price of AT & T has been displaying an uncharacteristic volatility as investors have tackled the implications of the division of the largest quoted company in the world into eight units.

The uncertainty is likely to increase further today, when the company unleashes its jumbo prospectus on the outlook for the new companies.

Last month Congress threw AT & T's plans for bringing charges into line with costs into the melting pot which means the range of profit projections in the prospectus is likely to be extremely wide.

If the most deleterious legislation on access charges and long distance fees does emerge from Congress, the combined AT & T could lose revenues of up to $1bn next year.

The adminstration *seems* to be moving in support of the company, nevertheless, the new core AT & T is likely to have to go on subsidising the local networks, which would tend to undermine its competitive position in long distance business over the medium term.

The higher risk is already reflected in the share price, down from a peak or $68 in September to $62¼ yesterday. In recent days the price has tended to edge up again, partly in anticipation of the share split.

Because of the size of AT & T, arbitrageurs will not have sufficient muscle to close spreads between the old and new shares. So even though there will be no dividend paid on the new shares, due to start trading next week, the sum of the eight constituent new shares is expected to exceed each old share.

For institutional buyers of parts of AT & T the cheapest way into a portfolio of, say, five of the new companies may be to buy the relevant number of old shares and sell stock in the three new unwanted companies.

Royal Insurance

Neither Hurricane Alicia nor the nasty draught blowing through Royal Insurance's U.S. workers' compensation business struck the market yesterday as an entirely satisfactory explanation of the shortfall in the group's third-quarter profits. They have fallen at the pre-tax level from £30.4m in the same period last year to £13.1m, some £10m–£15m below general expectations. Other explanations were indeed available, most notably a heavy bill for fire damages in Europe and the UK and less recovery than had been hoped for in various U.S. commercial lines. But the list looked far too long and messy for a composite insurance stock with no bid speculation to support it and the shares fell 20p to 495p.

In the U.S. underwriting losses of $5.4m at the new Millbank subsidiary and hurricane losses of $9.6m have both distorted the third quarter's yearly comparison. It remains disappointing, however, that commercial multi-peril and auto should not yet have been strengthened sufficiently to counter another $11.5m underwriting loss on workers' compensation, leaving total underwriting losses in the U.S. up $18.9m to $66.9m.

Sterling's decline has then translated this into a 60 per cent jump, producing a general insurance loss of £20.9m for the U.S., against a loss of £9.8m. That compares with a £5.7m downturn in the UK for the same three months and £4.2m for Royal International.

Royal is still busily increasing its U.S. commercial rates, as the 13 per cent decline in U.S. commercial premiums in the first nine months suggests. But this looks unlikely soon to compensate for the burden of U.S. policyholders' dividends on workers' compensation, where the operating ratio is up from 93.8 to 105.5 per cent so far this year. Estimates for group pre-tax profits for 1983 are down as a result to the £100m mark.

Foreign exchange

Mr Kit McMahon's lament yesterday, that the foreign exchange markets were intrinsically unstable, put the blame for the volatility of exchange rates largely on the way in which speculative capital flows have come to dominate transactions based on actual trade.

Between the lines, though, it was possible to read a degree of exasperation with current monetary and fiscal policy in the U.S. which have been holding the dollar up in defiance of purchasing power arguments and the U.S. current balance alike. Perhaps, after all, it would not be a good idea for governments to encourage too much stability at present – when the effect would be to preserve a wholesale misalignment of currencies.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	15	59	Dubrovnik	F	7	45	Malaga	C	16	61	Salzburg	F	-2	28
Akrotiri	S	19	66	Faro	—	—	—	Malta	S	23	73	Seoul	R	9	48
Algiers	-	—	—	Florence	S	9	48	Manila	C	30	86	Singapore	C	32	90
Amsterdam	C	8	46	Frankfurt	Sn	-3	27	Miami	C	21	70	Stockholm	F	3	37
Athens	C	15	59	Funchal	F	21	70	Milan	S	5	41	Strasbourg	S	1	34
Bahrain	C	27	81	Geneva	C	2	36	Moscow	C	-3	27	Sydney	S	28	82
Bangkok	S	32	90	Gibraltar	R	18	64	Munich	F	-2	28	Taipei	R	20	68
Barcelona	C	17	63	Guernsey	S	8	46	Nairobi	-	—	—	Tangier	R	17	63
Beirut	F	20	68	Helsinki	Sl	1	34	Naples	F	18	58	Tehran	-	—	—
Belgrade	C	-1	30	H. Kong	C	23	73	New Delhi	S	27	81	Tel Aviv	F	22	72
Berlin	Sn	1	34	Innsbruck	S	3	37	New York	C	6	43	Tenerife	D	20	68
Biarritz	F	17	63	Inverness	F	8	46	Nice	S	13	55	Tokyo	S	14	57
Blackpool	S	3	38	Istanbul	F	10	50	Oporto	R	14	57	Toronto	C	4	39
Bordeaux	C	11	52	Jersey	S	6	43	Oslo	F	5	41	Tunis	S	23	73
Brussels	R	0	32	Jo'burg	S	23	73	Paris	S	2	36	Valencia	F	19	66
Budapest	S	-1	30	Las Palmas	C	23	73	Prague	-	—	—	Venice	S	3	37
B. Aires	C	20	68	Lima	S	21	70	Reykjavik	C	5	41	Vienna	F	-2	28
Cairo	S	22	72	Lisbon	C	15	59	Rio de J'o	C	39	102	Warsaw	C	-2	28
Cape Town	S	22	72	Locarno	F	6	43	Rome	S	11	52	Zurich	C	0	32
Caracas	S	29	84	London	C	5	41								
Casablanca	C	20	68	Los Angeles	-	—	—								
Copenhagen	R	5	41	Luxembourg	C	0	32								
Corfu	R	14	57	Madrid	F	13	55								
Dublin	C	8	45	Majorca	F	21	70								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Toshiba boost for VHS

Continued from Page 1

there was little incentive for the Japanese to transfer production to Europe.

Political pressure has, however, led to several assembly plants being established in Europe, in the UK and West Germany. JZT makes VCRs in Berlin. Matsushita (with Bosch), Sony and Hitachi also make, or plan to make, VCRs in West Germany.

The EEC is expected to seek the exclusion of kits from the quota of Japanese exports, which is due to run for three years.

The move to protect Philips and Grundig's system from Japanese competition appears to have failed anyway. Theoretically, the EEC/Miti agreement guaranteed the two companies a minimum sale of 1.2m units in Europe. The two companies are thought to have fallen well short of this level.

There is considerable doubt in the industry as to whether Philips will persevere with the V2000 format. On Friday it confirmed that it would start manufacturing the VHS format in Europe for sale in markets where V2000 is not available.

A number of people in the industrie believe it is only a matter of time before Philips introduces VHS into Europe which will almost certainly sound the death knell for V2000.

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FINANCIAL TIMES

Wednesday November 16 1983

French state agency to offer risk capital funds

BY DAVID MARSH IN PARIS

A NEW French government-backed industrial development group to channel capital to high-flying business could be set up under a planned joint venture between the state-controlled Industrial Development Institut (IDI) and the nationalised financial conglomerate Compagnie Financiére de Suez.

Both are seeking new ventures to enlarge their activities and to define more clearly their industrial development roles after the sweeping nationalisation of financial institutions last year.

They are holding talks which could lead to the formation of a subsidiary with a capital of about FFr 400m ($49m) to participate in promising industrial concerns.

Officials at both institutions last night stressed that no final decision had been taken, as the definite go-ahead would depend on the Finance and Industry ministries.

IDI, owned 48.9 per cent by the Government and the rest by the banks, was set up in 1970 to take stakes in small and medium sized enterprises and nurse them into profitable development. It has had considerable success in helping to build up several companies now quoted on the bourse.

The institute has, however, been in near limbo since the Socialist Government came to power. Its chairman since 1975, M Dominique de la Martiniere, resigned during the summer because of disagreement with the Government over the controversial restructuring at the troubled textile group Boussac, in which it took a major stake at the Government's behest in December 1981.

M Dominique de la Martiniere: resigned

After a dispute last week over the choice of successor, the new chairman has not yet been named.

The idea behind the joint venture would be to combine the financial knowhow of Suez with IDI's industrial experience to inject capital into companies with turnover of about FFr 100m.

Suez has been seeking to expand its industrial activities since the appointment of M Jean Peyrlevade as chairman earlier this year. He is a former key adviser to M Pierre Mauroy and banker at Credit Lyonnais.

The Finance Ministry has been looking for ways of enlarging Suez's industrial muscle since it reduced its financial clout this summer by taking away its majority stake in the Credit Industriel et Commercial banking group.

M Peyrlevade backs socialist ideas for financial institutions to take larger stakes in industry. IDI's role under the Socialist Government has been clouded, however, by divisions in the ruling party over whether it should be regrouped into a giant state investment bank. This idea is supported by M Jean-Pierre Chevenement, former Industry Minister, and M Jean Deflassieux, present chairman of Credit Lyonnais.

The Government seems to favour a more moderate approach, involving capital ventures backing companies on several fronts at once.

Italian merchant bank for London

By Our Rome Correspondent

CREDITO Italiano, Italy's third largest bank, is planning to launch a merchant banking subsidiary in London, the first held by an Italian parent bank.

Dr Mario Rivosecchi, general manager of the bank's international operations, said yesterday that applications had been lodged with the Bank of Italy and the Bank of England. He hoped it would be possible to begin operating the London merchant bank in the next few months.

The state-controlled bank has full bank status for its branch in the City of London, but the separate merchant banking subsidiary would probably first be awarded the status of licensed deposit-taker. It would report directly to Credito Italiano's head office in Milan.

There are no official merchant banks in Italy.

Milan bourse needs a watchdog with teeth

BY ALAN FRIEDMAN IN ROME

A SELECT band of Italian financiers left the cold winter fog of Milan and flew to London last Thursday to address a group of 150 British stockbrokers and fund managers. The Italians, including Sig Guido Carli, former governor of the Bank of Italy, were in London to promote foreign interest in the Milan stock exchange – La Borsa Milanese.

Unfortunately, the timing of their roadshow could not have been worse. Just as the audience of institutional investors was settling down at the elegant Berkeley hotel, mud was flying in the Italian parliament, with charges and countercharges levelled about Sig Vincenzo Milazzo, the most recent chairman of Consob, Italy's version of the Securities and Exchange Commission.

Sig Milazzo resigned as chairman at the end of last month, after a tenure of only eight months, and only a week later he told a parliamentary investigation that the regulatory watchdog, founded in 1974, effectively did not exist.

As if it was not enough to tell parliament that the Consob had "never been born" Sig Milazzo raised more eyebrows by expressing reservations about the usefulness of audited company accounts, which are only now beginning to become accepted general practice for major companies in Italy.

The Consob inherited by Sig Milazzo can hardly be considered to have been an effective organisation. Hampered by staff shortages resulting from a lack of sufficient operating funds from parliament, the five-member organisation took precious little action and remained based in Rome – not in Milan, where the main market is.

For five months before Sig Milazzo's appointment last January the chairman's seat had been vacant, a result of the departure of the widely respected Professor Guido Rossi. Prof Rossi resigned after the bank be forced into a public quotation – Banco Ambrosiano – had collapsed following Roberto Calvi's mysterious death.

The Consob has a long way to go if it is to achieve credibility inside Italian financial circles, let alone abroad. In 1978 Prime Minister Giulio Andreotti appointed to the board a man who had the distinction of being a Rome theatrical impresario.

For years the tiny Milan bourse has been a den of insider trading – many of the major players are the companies whose shares are quoted.

There are still only 148 companies quoted, with a market capitalisation of L33,000bn ($20.3bn). This compares with the London Stock Exchange's capitalisation of $203bn and West Germany's stock market capitalisation of $77bn. There are in fact, more registered stockbrokers in Milan than companies – some 220 in all.

Turnover this year has averaged around L23bn a day – hardly world-class volume. Despite the booming New York and London markets, Milan has been out of step, managing an overall index rise of only 12 per cent since last January.

Small investors stay away from the market, preferring to put their savings in bank deposits or government treasury certificates. Prof Rossi last week pointed out that a government which must finance a deficit of $60bn a year must find it hard to countenance the growth of a stockmarket which would compete for the public's savings. Roughly three quarters of Italian savings are in treasury bills and bank accounts.

If all this suggests a rather unsophisticated and incestuous market in Milan, then that is an accurate reflection of the situation. But all is not doom and gloom, market enthusiasts can point to a few promising signs for the future.

First, it now appears that the political will exists in Prime Minister Bettino Craxi's five-party coalition government to massage some life into the Consob. A sensible appointment of a new chairman will provide a major psychological fillip.

Sig Urbano Aletti, a former senator and former chairman of the Milan stockbrokers committee, described the Consob as "an organisation which has never worked properly and is now going to be made to work properly."

Another promising sign is the potential of new unit trusts in Italy, approved by legislation passed last spring. The first is expected to begin offering subscriptions in a few weeks and veterans of the bourse say this kind of professionally (and carefully) managed mutual fund could attract small investors for the first time.

J. C. Penney recovers to lift third quarter profits 22%

BY OUR NEW YORK STAFF

J. C. PENNEY, one of the largest retailing chains in the U.S. reported a 22 per cent increase in net profits for the third quarter from $77m to $94m or $1.26 a share.

The figures were depressed a year ago by a $3m loss in operations which have been discontinued.

Over the first nine months, net income amounted to $207m or $2.78 a share, against $189m in 1982, which included a $7m loss from discontinued activities.

Third quarter sales came to $2.9bn against $2.8bn, and over the nine months they have risen from $7.6bn to $7.9bn.

Mr William Howell, chairman, who has been responsible for moving the group's product line towards a more up-market image, said that he was optimistic about the remainder of this year. Real disposable income was growing and consumer confidence was strong, he said.

Federated Department Stores, the largest U.S. department store group and owner of Bloomingdale's in New York and Carter Hawley Hale, the regional, specialty store operator, also announced increased sales and profits in the third quarter.

Sales gained 11 per cent to $2.1bnN at Federated. Net earnings jumped from $39.7m to $82m or $1.69 a share. This year's total includes an extraordinary $28.1m gain-$40.1m profit from the sale of shopping centres which was offset by a $12m loss on liquidation of Bullock's stores in northern California.

For the nine months, Federated has net earnings 83 per cent ahead at $165.6m or $3.41 on sales 14 per cent up at $5.8bn. Last year, the group earned $232.8m or $4.79 a share.

Carter Hawley Hale reported net earnings one fifth higher at $5.7m or 15 cents a share for the quarter. Sales showed a similar gain at $848.5m.

Lucky Stores, the diversified U.S. retailer, reported operating net profits of $18.3m or 36 cents a share for the third quarter, against $19.8m or 39 cents. Revenues rose from $1.98bn to $2.03bn.

For the nine months, operating net rose to $66.7m or $1.30 a share, against $51.1m or 99 cents.

Accountants censured over Litton losses

BY TERRY DODSWORTH IN NEW YORK

TOUCHE ROSS, the international accounting firm, has been reprimanded by the U.S. Securities and Exchange Commission for its failure to "maintain a healthy scepticism" in its auditing of Litton Industries' shipbuilding activities in the early 1970s.

The SEC's charges, which Touche Ross has neither admitted nor denied in acknowledging the censure, represent the first important case brought against a big accounting firm in the U.S. for some time.

They follow criticism that the Commission has been relaxing its vigilance over the accounting profession. The SEC's strict codes led to a rash of cases in the 1970's.

The audits covered by the investigation were carried out between 1972 and 1977. During that period, Touche Ross is said to have allowed Litton to postpone recognition of $330m of losses on a navy shipbuilding contract.

Although the auditors qualified the Litton report and accounts because of uncertainties over a dispute with the navy on the contract, the SEC considered it should have gone further and recognised the losses earlier.

Lower fourth quarter leaves Baker in red

By Our Financial Staff

Baker International, a major U.S. supplier of tools and services to the U.S. oilfield and mining industries, suffered a sharp fall in fourth quarter net profits from $38.2m or 54 cents a share to $13.3m or 19 cents.

The result left Baker heavily in the red for the year to September 30, with a deficit of $63.5m or 91 cents against profit of $248.6m or $3.60. Much of the damage came in the third quarter, when the company established special reserves and write-downs of $201.9m, leading to a $1.40 a share loss for the quarter.

Alusuisse forecasts 'respectable results'

BY JOHN WICKS IN ZURICH

THE Alusuisse Group will remain in the red this year, but the Swiss aluminium company's losses will be considerably lower than the SwFr 179m ($82.48) booked for 1982.

General manager Mr Hermann Haerri said that if present market conditions continued the group expected "respectable results" in 1984.

Alusuisse last showed a consolidated profit, of SwFr 135m in 1980.

Mr Haerri said that in the third quarter of this year, all divisions were in profit. For 1983 as a whole, however, the aluminium division will still show a deficit despite a sales increase of "several per cent."

Aluminium, which in 1982 accounted for 61 per cent of group sales has benefited from extensive cost-cutting measures over the past two years and from a price strengthening since January. The 1983 loss will be "substantially lower" than that for last year.

The rationalisation measures will from this year result in higher proceeds per unit.

The Lonza chemical division improved on 1982 earnings.

Alusuisse's Chicago-based Maremont corporation subsidiary, which makes car parts, surpassed its record 1982 profits.

Finnish Sugar in overseas share sale

By Lance Keyworth in Helsinki

FINNISH Sugar Company, the largest manufacturer of sugar, fructose and xylitol in Finland, is floating a new issue of 1.8m shares priced at FM 92 ($16) a share. The nominal value of the shares is FM 20.

A unique feature of the issue is that it is being made through the Helsinki stock exchange but for sale primarily in Stockholm, Paris and London. It is the first time a Finnish company has attemped this form of financing, and Finnish Sugar's first venture into the international market

The issue is expected to bring in FM 165.6m. Of that total, FM 21.6m will be used to raise the company's share capital from the present FM 144m, to FM 165.6m and most of the remainder will be spent on investment projects.

Finnish Sugar has a 50–50 joint venture with Hoffmann La Roche of Switzerland to produce xylitol and fructose. Xylitol is a sugar made from burch which is good for the teeth. Finnish Sugar will start marketing it intensively in the U.S. now that the World Health Organisation has approved it.

Bonn determined to tighten banking law

BY RUPERT CORNWELL IN BONN

THE WEST GERMAN Government is determined to secure Cabinet approval for its long-promised tightening of the banking law by next January, in the hope of pushing it through parliament during 1984.

This was made clear yesterday by Herr Gerhard Stoltenberg, the Finance Minister, who emphasised that the recent emergency rescue of the private bank Schröder, Münchmeyer Hengst and Co. (SMH) made it all the more important that this timetable be adhered to.

The amendments to existing legislation will, above all, force banks to consolidate into their figures the results of offshore subsidiaries, something for which the Bundesbank has long been pressing. Operations channelled through Luxembourg are held to have been a major contributor to SMH's dire troubles, resulting from its overexposure to the IBH construction equipment manufacturing concern.

However, Herr Stoltenberg was notably cautious about whether the SMH affair, the most serious crisis to overtake a West German bank since the Herstatt collapse of summer 1974, justified a fundamental reassessment of West Germany's banking laws.

Although he stressed the need for more "transparency" in bank accounts, he said the SMH's difficulties had been coped with without causing any lasting damage to West Germany's financial markets.

Canadian bid resisted by Scots broker

By John Moore in London

REED STENHOUSE, the Canadian based insurance broker, yesterday revealed a plan to merge with Stenhouse Holdings, the Scottish insurance broker, in a deal worth £53m ($79m). But the deal is being resisted by Stenhouse family interests and other members of the board.

Mr Paul Stenhouse, grandson of the founder of Stenhouse Holdings, who sits on the board, said that his business interests, Stenhouse Western and other family interests holding around 31 per cent of the shares "certainly won't accept the offer. I have been a prime mover in wanting a merger but the terms of this offer are not attractive."

Stenhouse Holdings has a long standing relationship with Reed Stenhouse. In 1973 it combined with the Canadian group, then called Reed Shaw Osler, taking a 55 per cent stake. This interest has been reduced to the present 48.9 per cent by expansion of Reed Stenhouse's capital base over recent years.

The merger attempt was designed to simplify the present group structure and create a more unified company. Reed Stenhouse is offering one of its shares and 20p in cash for every five Stenhouse Holdings shares.

Already Continental Corporation, the U.S. insurance group which holds 20 per cent of Stenhouse Holdings, has said that it will accept the offer.

On the London stockmarket shares in Stenhouse Holdings climbed 21p to 127p.

Between November 8 and November 14 the shares of Stenhouse Holdings rose from 100p to 106p

Gulf & Western sells Bliss subsidiary

BY WILLIAM HALL IN NEW YORK

GULF & WESTERN, the New York-based conglomerate in the midst of a wide-ranging reorganisation of its activities, has sold its E. W. Bliss mechanical handling operation to a group of investors led by Mr William H Binnie of Boston.

E. W. Bliss produces mechanical and hydraulic presses and mill equipment at manufacturing facilities in Salem, Ohio and Hastings, Michigan.

Gulf & Western is in the process of divesting itself of about a fifth of its assets and sales. E. W. Bliss was known to be one of the companies up for sale with other operations such as Arlington Racetrack and Roosevelt Raceway.

Gulf & Western's remaining manufacturing operations will concentrate on the transport, electronic and construction markets.

Rights issue for Crossair

By John Wicks in Zurich

CROSSAIR, the Zurich-based regional airline, is doubling its capital by a rights issue. This will bring total bearer and registered share capital up to SwFr 50m ($19.86m).

The company plans to start over-the-counter trading on the Zurich Bourse. At present, this takes place only in Basle.

At the same time as the capital increase, existing registered shares of SwFr 1,000 nominal value are to be split into units of SwFr 250.

The SwFr 25m worth of new stock will consist of SwFr 15m in the form of registered shares at the new nominal value of SwFr 250, the remaining SwFr 10m face value to be made up of bearer shares of SwFr 500 each.

Frionor profits static

BY FAY GJESTER IN OSLO

FRIONOR, the Norwegian frozen foods co-operative, reports unchanged operating profits of NKr20.4m ($2.74m) in the year ended June 30, despite higher turnover.

Most of this – NKr15m has been returned to Frionor's 100 member plants in Norway as a bonus on products supplied.

Sales for 1982-83 rose to NKr1.64bn from NKr1.34bn, and in volume to 98,500 tonnes (88,000 tonnes). The board says the results are satisfactory, particularly in view of the recession which continues to affect most of Frionor's markets.

Frionor exports to 30 countries worldwide. The U.S. was the largest single market last year, taking 25.8 per cent of total exports. The EEC and EFTA together took 34 per cent.

Seagram buys wine company

By Robert Gibbens in Montreal

SEAGRAM of Canada, the world's largest distiller, has doubled its share of the fast growing U.S. wine market to about 12 per cent with the acquisition of Wine Spectrum from Coca-Cola for $200m.

Seagram expects a slight gain in net profits for the half year to January 31. The company's year end has been changed from July 31 to harmonise more closely with that of Du Pont, in which Seagram has a more than 20 per cent holding.

World sales of distilled spirits have declined about 1 per cent in 1983, but Seagram continues to gain in market share, according to Mr Edgar Bronfman, chairman. In Canada sales of spirits have fallen in all categories because of the recession and high taxes.

INTL. COMPANIES & FINANCE

Paul Taylor reports on measures to revitalise the world's largest photographic group

Kodak looks to a leaner and meaner future

AFTER a disastrous first nine months of 1983 for Eastman Kodak, Mr Colby Chandler, the chairman and chief executive, believes the worst may now be over.

Mr Chandler, who has been at Kodak for 33 years, took over the number one job at the world's largest photographic products group from Mr Walter Fallon in July. He is perhaps trying to engineer the first major change in Kodak's corporate philosophy since 1922.

The major challenge facing Mr Chandler, who drives to work in a pick-up truck, is to turn the multinational giant back into a lean, mean and aggressive marketing machine capable of defending its traditional markets from the incursions of new competitors while also positioning the company to expand into new fields.

Mr Fallon told shareholders at the May annual meeting: "We are making fundamental changes in the way we do business." Picking up where Mr Fallon left off, the new chairman has already extended Kodak's first major cost-cutting programme for decades. So far this year some 7,500 jobs in the U.S.—about 8 per cent of the workforce—have been axed, divisions have been merged, capital spending more than halved, the 34 worldwide agencies reduced to just three and the first group strategic plan is being produced.

In Rochester, New York, where Kodak has its headquarters and employed about 60,000 people at the start of the year, employees have discovered that a job with "father Yellow," as Kodak was once affectionately called (a reference to the distinctive yellow paging of its photographic products), is no longer necessarily a job for life.

"People are really scared for their jobs for the first time in their lives," said a Rochester banker whose family mostly works for the photographic giant.

Since the start of this year Kodak, with 93,000 employees in the U.S. and 136,500 worldwide at the end of 1982, has announced the following:

- January 4: Kodak offered early retirement to most of its 93,200 U.S. employees. Mr Chandler says while "we have not revealed the numbers who left the company under this programme, the total was within our expectations and significantly reduced the size of our workforce." Wall Street believes between 3,500 and 4,500 workers accepted the offer which cost Kodak $145.9m in the first quarter.
- January 10: Kodak dismissed 1,100 employees at its Rochester apparatus division, including many making the company's much vaunted disc camera.
- May 6: The company laid off an additional 1,100 at the apparatus division. The same day it said it would break with tradition and not hire college students for the summer.
- June 30: Kodak deferred end-year bonuses for 80,000 employees until mid-1984.
- August 8: The company extended unpaid holidays to almost all its Rochester workers after some 3,000 employees had opted for unpaid leave.
- October 24: Kodak said it would axe a further 800 jobs in Rochester and Windsor, Colorado, by November 18.

Mr Chandler says the job reductions were a necessary adjustment of the manufacturing workforce "to bring it in line with business conditions." He also hints that the actual job reductions could turn out to be far higher, because of the current policy of non-replacement.

No one who saw Kodak's earnings plunge at the start of the year questioned the need for the cost reductions—or the company's determination to make them.

Battered by the strength of the dollar, fierce price competition and escalating costs, Kodak reported operating earnings of just $77.2m in the first quarter—before the costs of the early retirement programme—down from $292.3m in the 1982 quarter. That set the stage for ripping Kodak's 1983 profits picture and the analysts' earnings projections to shreds.

Last week Kodak reported, as

Mr Colby Chandler

expected, sharply lower third quarter earnings and nine-month earnings down 42 per cent at $447.9m. Equally significantly, worldwide sales, hammered by the dollar's strength, a factor which Kodak estimates has cost it $320m in the past two years, are marginally down at around $7.6bn in the first nine months. About 40 per cent of sales are outside the U.S.

Kodak, once one of Wall Street's favourite star performers, is only now regaining stock market confidence. After a prolonged bout of embarrassment, Wall Street analysts are returning to some enthusiasm for the stock.

Miss Brenda Lee Landry, an industry analyst with Morgan Stanley, says with some pride, that her firm was projecting 1983 earnings at the start of the year around $8 a share when others were forecasting $10.50. Today Morgan Stanley, which like several other major Wall Street firms has just reversed its shareholder advice from "sell" to "hold," is projecting $4 a share this year, creeping back up to around $7.50 in 1985.

What makes the heads count so crucial is that Kodak can no longer rely on dominating the amateur film and photographic paper market in the way it once did. New low-cost competitors, like Japan's Fuji Photo, have challenged its supremacy—first in the world market, where Kodak accounts for about 50 per cent of total film sales, and now in the U.S.

Fuji, which delivered a snub to Kodak last year by outbidding the U.S. giant for sponsorship rights to the 1984 Los Angeles Olympics, has a reputation as a ruthless market grabber.

Wall Street analysts, and Kodak's own results, suggest unit volume in the paper and film business is currently flat to marginally higher. As the recovery in consumer spending continues, Wall Street believes unit volume should increase by between 4 and 7 per cent.

But while Fuji may not be stealing the market share at the moment, its pricing policy is forcing Kodak to keep margins thin.

To counter the longer term threat, Kodak is revamping its marketing strategy and introducing a new range of products. Significantly, two marketing men, Mr Philipp Samper, formerly general president for marketing, and Mr Wilbur Prezzano, manager of worldwide marketing, were both promoted to senior executive positions when Mr Chandler became chairman.

The new management team is likely to face some tough marketing decisions. There are persistent rumours that Kodak may be about to abandon its instant picture camera business, a market which is expected to cost Kodak about $100m this year.

After a spectacular debut, Kodak's disc camera also faces problems. While it is unquestionably Kodak's most successful launch project — the company has shipped more than 10m units since its launch last year, more than double the number of Kodak-110 cameras shipped in the first year—sales are beginning to flag.

Mr Chandler accepts that Kodak will in future have to accept lower margins across the board. Over the past 10 years its net earnings have averaged 12.5 per cent of sales. Last year, when the median rate of return by Fortune 500 companies was 3.6 per cent, Kodak earned 10.7 per cent.

But the big unknown factor is the degree to which Kodak will be successful in fending off — or more likely attacking — the emerging electronic image market. Mr Chandler says: "Competition is nothing new to us."

While Kodak has undoubtedly missed opportunities in the past, in the mid-1970s it finally decided to enter the well entrenched copier market.

The result was perhaps one of Kodak's most spectacular successes. Its top-end range of Ektaprint copiers have carved out a major share of the most profitable section of an apparently saturated market.

Kodak is now hoping for similar successes in other markets. So far it has effectively stalled Sony's plan for a new type of electronic camera capable of generating television screen pictures.

Wall Street analysts agree that Kodak must attack the computer and electronic imaging sectors if it is to regain its vitality. "It is a question of how fast it can diversify," says Miss Landry.

Seperately Kodak has also been bolstering its already strong position in the medical market, based initially on its advanced X-ray films but now extending into the chemical diagnostics field.

All this chould be some comfort to Kodak's shareholders, who have seen the value of their blue-chip investment plunge from a high of $98⅝ a share just over a year ago to between $67 and $70 a share recently.

In apparent recognition of shareholders' suffering and its still strong cash position, Kodak said on Friday that it would maintain its 55 cents a share special dividend, in addition to its normal 75 cents third quarter dividend. It would also pay a $255m wage bonus for its remaining employees—it has paid wage dividends every year since 1921, with the exception of 1933.

Turnover falls at Supreme

SINGAPORE — Supreme Corporation has reported a 9 per cent decline in group turnover for the year ended June 30 to 148.5m ringgit (U.S.$63.4m).

The company said its profit, after taxes and extraordinary items, rose by 6 per cent to 8.5m ringgit. Agriculture and property divisions had fared worst.

Supreme Plantation Industries, an associate of Supreme Corporation, reported a 30 per cent drop in turnover to 49.4m ringgit. The company's loss widened to 7.4m ringgit from 3.1m ringgit in the previous fiscal year.

Both the parent company and the plantation division blamed the world recession for the lower results. The plantation division said its palm oil refinery had operated at a loss during part of the year. The refined palm oil industry will take some time to readjust itself.

The plantation unit did not announce any dividend. But it said it would ask shareholders' approval for a one-for-one rights issue of 30.8m 1-ringgit shares at 1.20 ringgits each.

The parent company said it had reduced its holdings in Supreme Plantation to below 51 per cent from 66 per cent.
AP-DJ

Stagnation hits Japanese shipping

BY YOKO SHIBATA IN TOYKO

FIVE OF JAPAN's major shipping companies have reported disastrous results for the first half year ended September 30, as a consequence of continued stagnation in the world shipping market.

During the half year, Japan's outbound liner trade to advanced nations (other than the U.S.) and those to developing nations were extremely inactive. Liner services suffered from reduced cargo movements, too many new vessels and intensified competition.

Tanker services suffered structural stagnation, while the tramp market was also dull as a result of a slump in cargo volume, coupled with an oversupply of capacity caused by new vessel construction.

The exception to the trend was Nippon Yusen Kaisha (NYK), the world's largest shipping concern, which achieved an outstanding earning performance raising net profits by 163 per cent to Y3bn, thanks to its drastic streamlining measures as well as to the positive financial management strategies undertaken in response to slower economic growth.

During the half year, NYK suffered a 10.7 per cent drop in revenue, as a result of revenue falls in all three of its major divisions, liner services, tramp shipping and oil tankers. However drastic rationalisation measures such as trimming down excess bottoms by 16 vessels totalling 1.16m tons, including chartering back 8 vessels, have reduced chartering charges by Y14.2bn ($60.5m).

In the current half year (ending March 31), the shipping market is expected to remain depressed. NYK's full-year recurring profits are likely to fall by 20 per cent to Y11bn, on full-year revenue of Y530bn down by 12 per cent from the previous year.

Mitsui OSK suffered sluggish cargo movement in its liner division, except for the United States. Its mainstay, car carriers remained especially depressed, reflecting sluggish car exports to the Middle East. An improvement in non-operating income, such as higher dividends from its subsidiaries and foreign exchange gains, failed to cover deteriorating profitability in shipping markets. Net profit fell 16.3 per cent to Y1.6bn on sales down 10.3 per cent.

However, Mitsui OSK expects an improvement in liner trades with advanced nations in the second half year. Full-year pre-tax profits are expected to reach Y6bn, down by 50 per cent.

Kawasaki Kisen fell into a pre-tax loss of Y990m (down from a Y1.2bn profit). Sluggish tanker markets and reduced cargo movements in Latin American liner trades hit the company. For the full fiscal year, Kawasaki expects to return to the black with full-year current profits of Y1.2bn

Yamashita-Shinnihon Steamship suffered a 21 per cent revenue fall to Y93.4bn in its liner, tramper and special carriers. The company managed to cut expenditure by Y6.3bn by trimming charterage of vessels as well as cutting its fuel costs. However, higher interest costs, totalling Y5.8bn, drove the company to report a Y431m pre-tax loss. Yamashita expects full-year pre-tax profits of Y300m, down by 87 per cent.

Showa Line stayed in the black before tax, thanks to medium- and long-term chartering contracts on its tanker fleet which minimised the negative impact of a slackened tanker market. Showa Line foresees full-year sales of Y160bn, down by 5.7 per cent from the previous year, but it does not expect to register pre-tax profit.

Japan Line, the ailing tanker operator which ranks second among world tanker fleets, suffered a further deterioration. Tanker operations worked below the break-even point during the half-year. Despite such favourable factors as a cutback in fuel costs of Y8.6bn, and a drop in chartering charges of Y9.6bn, its half-year pre-tax deficits grew to Y4.57bn from the previous year's Y3.45bn.

The company sees little scope or improvement in the tanker and tramp markets in the current half-year ending March 1984. Japan Line expects its full-year pre-tax deficits to widen to Y10.5bn.

Australia will not sell off satellite stake

By Colin Chapman in Sydney

THE Australian Government has overturned its previous decision to sell off a half share of its company, Aussat Pty, which will own the nation's domestic satellite. It has decided the float should not proceed.

In another reversal it has decided to allow Australia's three media dynasties—the companies headed by Mr Rupert Murdoch, Mr Kerry Packer and the Fairfax family—to use transponders on the satellite system for national networking and programme distribution, but not for direct broadcasting.

Mr Bob Hawke's Government has decided, however, to limit Australian Telecom's involvement in Aussat to a 25 per cent stake and directors on the board, and to create a new public authority rather than a powerful arm of an existing institution.

The decision to keep Aussat under a separate and mostly independent board will reassure sections of the business community which strongly campaigned against Telecom control of the satellite.

The Government also decided to permit private earth stations whereby companies and private interests will be able to build their own facilities, and transmit and receive their own material via the satellite.

- Telecom Australia has won the exclusive right to set up a national videotext service, which is expected to be based on the British-developed Prestel system.

The Federal Government's decision ends a three-year battle between Telecom and private enterprise, and reverses a decision of the Fraser Liberal Government, which had decided the field should be left to private enterprise. Now private enterprises's role will be limited to providing information services.

The Minister for Communications, Mr John Duffy, said that the new service would probably start by the end of next year.

Telecom has yet to set out its proposals in detail, but says it will engineer into its system a gateway facility, which will provide links to third party data bases where their owners wish to make their services available through the network.

One of the first in the field is likely to be the British Nottingham Building Society with its Homelink system. Mr John Webster, the society's managing director, was in Australia last week for the 16th world congress of building societies and savings associations.

He demonstrated Homelink's home banking facility, and is believed to have negotiated an agreement in principle with a consortium of Australian building societies.

The Government's decision has provoked a hostile reaction from those who had hoped to get part of the action.

Thai bank to lift capital

BANGKOK—Thai Farmers Bank is to quadruple its registered capital to 4bn baht (US$174m) from 1bn baht, Mr Phongthep Mahapaurya, the executive vice-president, said.

The bank's board has informed the Thai Securities Exchange of the decision, which is in line with its policy of continued expansion of current operations over the full range of commercial banking activity.

Mr Phongthep said 30m new 100 baht shares would be issued after the capital increase is approved by a shareholders' meeting later this month.

Thai Farmers ranks third in terms of assets and deposits among Thailand's 16 domestic commercial banks, after Bangkok Bank and the state-owned Krung Thai Bank. Reuter

Strong advance in sales and earnings for Ricoh

BY OUR TOKYO STAFF

RICOH, JAPAN'S leading manufacturer of office automation equipment, which will start plain paper copier production at Telford in the UK from 1985, posted a 45 per cent jump in recurring profits to Y13bn ($55.3m) for the first half year ended September 30. Ricoh's net profits for the first half year were Y6bn, up by 47 per cent, on half year sales of Y186.9bn—up by 19 per cent.

The company's copier sales, accounting for 57.3 per cent of its total turnover, advanced by 19.3 per cent, helped by a 33 per cent rise in exports from the previous year. Ricoh's efforts to open two direct sales channels to market dry-type copiers under its own brand name were rewarded. Sales of facsimile information equipment also surged by 24 per cent to account for 20.2 per cent of total turnover.

With the termination of unprofitable OEM (original equipment manufacturing) contracts to market copiers, Ricoh's exports of plain paper machines are expected to expand further.

As a result, full year sales are expected to reach Y390bn, up by 19.6 per cent. Full year recurring profits are projected at Y27bn, up by 48.8 per cent and net profits at Y12.5bn, up by 99.7 per cent, from the previous year. The company will maintain the current annual dividend of Y10.

Wigmores secures 0.7% of BHP

PERTH—Wigmores now holds a total of 2.5m shares in Broken Hill Proprietary (BHP), following market purchases at an average cost of A$12.38 each since the end of its tender offer which garnered 792,000 shares, Mr Robert Holmes à Court, the chairman, said here yesterday.

At today's closing BHP price of A$12.80 the stake is worth A$32m.

The holding represents only 0.73 per cent of BHP's issued capital of 344.37m shares, but makes Wigmores the thirteenth largest single shareholder, stock exchange statistics show.

It remains the intention of the company to transfer its trading assets — mainly the Caterpillar franchise in Western Australia—and its subsidiaries to the Bell Group at December 31 for A$40.01m as previously announced.
Reuter

St Gobain sees new doors opening as information project closes

BY DAVID HOUSEGO IN PARIS

AT LEAST one man in Paris sighed this month when the French stake in Olivetti of Italy was cut from 33 per cent to 10 per cent.

"We would have achieved something almost without precedent in Europe," says M. Alain Minc, finance director of St Gobain, the diversified glass and pipe manufacturer. It initially held the whole French stake in Olivetti, through its majority control of Compagnie des Machines Bull, and had been planning an extensive tie-up with Olivetti in information processing.

Now nationalised, and squeezed out of the information industry by the Government, Saint Gobain, the most international of the major French industrial groups, has been breaking into new pastures. Over recent months it has acquired a controversial 20 per cent stake in Compagnie Generale des Eaux, the privately-owned water distribution group which has diversified into other urban services, at a cost of about FFr 1bn ($123m); taken a 25.7 per cent holding in Societe Generale d' Entreprise-Sainrapt et Brice (SGE-SB), the construction company, for FFr 156m; and bought a 15 per cent share in Technip the engineering group for FFr 22m.

The principal aim is the chance to win a major market share in the growing world-wide demand for water distribution systems and a related range of urban services from sewage disposal to street cleaning and cabling for television.

The group sought opportunities to diversify as soon as it was told by the incoming Socialist administration in 1981 that it had to pull out of the data processing industry. Most of its traditional activities in flat glass, insulation, pipes and machinery, paper and wood, containers and fibre cement have for some years been growing sluggishly.

M Minc lists three criteria for the group's choice. It wanted to expand in France because Saint Gobain has always been a French-based group with a rule of thumb that not less than 50 per cent of its activity should derive from its French interests. Last year its French operations generated 51 per cent of group turnover of FFr 51.3bn (of which some 38 per cent was in domestic sales) and 52 per cent of its 138,407 employees worked in France.

A further reason for expanding in France, says M Minc, is that "if you are moving into a new trade you do not take the double risk of shifting country too. But we also wanted something with international potential."

The second criterion was to choose a service-based industry, as not requiring the same investment outlays as its current, capital-intensive activities. The group also sought a service sector allied to the technology it knows.

The third criterion is described thus by M Minc: "The IMF can suppress many things but the one thing it cannot suppress is water."

Alain Minc (left), finance director of St Gobain, regrets lost opportunities in information processing as the French 33 per cent stake in Olivetti is redistributed 22.4 per cent to Olivetti itself and 10 per cent to CIT-Alcatel. St Gobain is, however, branching into new areas, in particular into water distribution and ancillary industries internationally

Saint Gobain already has a major pipe-supplying capacity through its Pont-à-Mousson subsidiary, which is just completing a large contract for laying a water system for Baghdad. In its contracting division it has in Sobea, a company specialised in pipelaying which has also been branching out into other activities such as the treatment of urban waste and the management of car parks.

For a "grand water strategy" the group needed to strengthen its potential in engineering, public works construction and city management services. "The turning over to the private sector of the management of urban services is one of the major growth areas of the future," argues M Minc.

The most important move was the purchase of the stake in Compagnie Generale des Eaux. This caused a major outcry on the Paris Bourse this year, because it involved a nationalised industry gaining a substantial foothold in one of France's most successful private companies. M Minc does not conceal his joy. In financial terms he says, Compagnie Generale des Eaux is the "richest company in Paris" with a capital base of FFr 3bn, FFr 100m in debt and FFr 1bn in liquid holdings.

Saint Gobain also sought control of a further block of 13 per cent of the shares. But bitter opposition to this from the board of Compagnie Generale des Eaux, means that 10 per cent was sold to the Schlumberger group and 3 per cent to Banque Nationale de Paris (BNP), the nationalised bank.

Relations between Saint Gobain and Compagnie Generale des Eaux remain delicate. But M Minc leaves no doubt that St Gobain intends to have a voice in the management and in pushing for international expansion.

The immediate gain from its stake in SGE-SB is to strengthen Saint-Gobain's civil engineering side and to transform it into one of the largest public works groups in Europe. M Minc says that Sobea was having problems in competing for pipe laying contracts with other construction companies, like Bouygues and Spie Batignolles, because it lacked their civil engineering capacity.

Saint Gobain purchased its 25.7 per cent stake in SGE-SB from another nationalised group, Compagnie Generale d'Electricite, the electronics concern, which still owns 25 per cent. M Minc declines to confirm ideas that Saint Gobain will move to majority control. "It is a marriage," he says, "and we will see how it evolves."

As for the third arm in its diversification strategy, the purchase of the 15 per cent stake in Technip: M Minc sees this as buying into a company with which Saint Gobain already has close links as suppliers and clients. Technip, which made a declared operating loss last year of FFr 25m, has developed glass, insulation and pipe factories with Saint Gobain.

The acquisitions have been financed out of Saint Gobain's chest of over FFr 1.7bn—resulting from the FFr 1bn for selling its data processing interests and over FFr 700m raised on the French capital markets through the issue of "titres particapatifs." These are the new non-voting loan stock, midway between a bond and a share, by which French nationalised industries can raise capital privately without diluting their state ownership.

Though Saint-Gobin is one of the few state-owned companies making profits, M Minc concedes that its results are "mediocre" by international standards. The group recorded a 42 per cent drop in net consolidated profits in 1982 (including special provisions) to FFr 257m on a 17 per cent increase in turnover to FFr 51.3bn. M Minc does not expect much improvement in profits this year.

The group's activities are heavily based on building (in which new starts in France are 50 per cent down on three years ago) and the automobile industry. Both have been badly hit by recession. Its profits this year are being mainly generated by its foreign subsidiaries.

M Minc identifies the three problem areas as:

- Insulation, which accounts for 15 per cent of group sales. After sharply increasing in the wake of the two oil shocks, the market in Europe "has now fallen faster than it rose."
- Machinery, which has suffered losses in its foundry operations for the automobile industry (amounting to about FFr 500m of turnover). A restructuring and cut in capacity are being undertaken.
- The paper-wood division, in which Saint Gobain incurred losses last year of some FFr 125m on wood operations.

By contrast the container division, specialising in bottles and flasks, is pulling in strong profits, M Minc says, and earnings from the flat glass division—the group's main activity, accounting for about FFr 8bn of sales—are "not bad."

Unlike many other state-owned companies in France, Saint Gobain is not dependent on the French Government for either funds or markets. M Minc sees that as an important factor in minimising state intervention and reinforcing its independence. Its next major move is likely to be in the U.S. where CertainTeed, the insulation group in which it has a majority holding, carried out a capital increase in the spring. "With $1bn turnover and a solid financial base, it could be looking to add a new division with an additional $200-$300m of sales."

UK COMPANY NEWS

Somic revival—interims restored

SHARPLY improved results were achieved by Somic, kraft paper spinner and weaver, for the six months ended September 30 1983 and the company is paying its first interim dividend since 1980.

Although sales were little changed at £1.33m, against £1.35m, profits at the pre-tax level rose to £112,484, which compares with a loss of £22,879 in the opening half of 1982-83 and profits of £33,944 in the second six months.

It is envisaged that a reduced level of expenses will be maintained and that the group will trade profitably during the remainder of the year.

First half earnings amounted to 2.7p (loss 1.144p) per 25p share and a net interim dividend of 1p is declared—a single dividend of 0.5p was paid for the previous full year (1p).

Trading profits for the six months totalled £90,819 (£41,128 loss) before adding income from rents amounting to £21,665 (£18,249).

Tax accounted for £58,492 (nil).

In his interim statement Mr R. Blackburn, chairman, says that on the home market the continued recession is still making it difficult to obtain sales although it does now appear that some sectors in the economy are starting the long awaited recovery.

Abroad, he points out that Somic is still suffering from political instability in the Middle East and that exports to this important market have been greatly reduced. However, "visits are being made to open up new markets in other parts of the world and early signs of success are encouraging."

New Court Trust

Revenue at New Court Trust, formerly Equity Income Trust, was up from £695,109 to £719,703 in the year to August 31 1983. The figure was after all charges, including tax of £325,891 compared with £327,454.

Earnings per 50p share were 14.39p against 13.9p, and net asset value per share rose from 299.7p to 394.5p. The final dividend is effectively raised from 9p to 9.625p for a total of 13.75p net (13.125p adjusted).

Royal Insurance tumbles £17.3m in third quarter

HURRICANE ALICIA and severe weather in the U.S., together with a rash of major fires in the UK and Western Europe, were instrumental in bringing the profits recovery of Royal Insurance to a halt in the third quarter.

Pre-tax profits for that quarter were £13.1m, against £30.4m for the third quarter of last year. This setback swallowed up almost all the improvements achieved in the first half of the year, so that at the nine-month stage, profits before tax were less than £1m ahead at £63.2m against £62.4m.

Net profits attributable to shareholders were only £500,000 ahead at £51.6m, with earnings at 27.4p, compared with 27.1p per share.

General insurance premium income rose by almost 12 per cent, from £1.28bn to £1.44bn, but the underlying growth allowing for the effect of currency changes was a mere 3 per cent.

Underwriting losses over the nine months soared from £129.9m to £163.4m. However, this was offset by investment income on the general insurance operations and on capital and reserves which increased 16½ per cent in sterling terms from £176.5m to £205.6m, the underlying growth being 6½ per cent.

Conditions continued to worsen in the U.S. where underwriting losses soared from £78.9m to £117.5m over the nine-month period. Premium income fell marginally, even when last year's acquisition of Milbank Insurance is included.

HIGHLIGHTS

Lex considers the proposal by **Reed Stenhouse**, a Canadian insurance broker, to buy out **Stenhouse Holdings**, whose main asset is a 49 per cent stake in Reed. Still on the insurance trail. Lex looks at the latest three-month figures from **Royal Insurance**. Continuing difficulties in the U.S. have been compounded by heavy fire losses in Europe, leaving third-quarter results at Royal some way short of market forecasts and producing a general reduction in expectations for the whole of 1983. The **American Telephone and Telegraph** prospectus is due today and Lex examines the uncertainties now being reflected in its share price performance.

In addition to Alicia, which cost £6.1m, other exceptional weather losses in the U.S. during the third quarter cost another £4.7m. The company was also hit by a deterioration in its workers' compensation account. The good years of 1981 and 1982 have not only resulted in growing competition keeping down prices but have cost Royal £20m in dividend payments on good claims—double last year's payments.

Premium income in the UK increased by some 6 per cent over the nine months, but three large fires costing over £6m—including Royal's largest-ever UK fire claim of £4m net—resulted in a third-quarter underwriting loss of £8.7m, against a £2.8m profit in the third quarter last year. This cut back on the first-half recovery, with losses in the first nine months of £20.4m against £25.7m.

The company is benefiting from better weather in the UK, compared with last year, but weather claims are running ahead of 1980 and 1981 levels. The cost of theft claims in the UK has risen by 27 per cent this year, but the motor account, excluding the Republic of Ireland, shows around £2m underwriting profit following the premium rate increase in May.

The life company in the group, Royal Life, is experiencing an exceptional year for new life business. Annual premiums have risen nearly 150 per cent over the nine months to £44.4m, while single premiums have doubled to £560m.

The company is benefitting from the new system of crediting mortgage interest relief known as MIRAS, while its expansion of unit linked business has been highly successful.

See Lex

Hugin management take 14% of £13m placing

Hugin, the cash register subsidiary of Electrolux, the Swedish appliance group, has completed its move to independence with the successful placing of £13m worth of new shares.

About 30 institutions, mainly UK but with "a sprinkling of overseas investors," took up the £29 shares, according to Laing and Cruickshank, brokers to the issue. About 14 per cent of the equity was taken up by the Hugin management, while private client money was also invested.

Hugin designs and markets electronic cash registers and complete point of sale systems. It forecasts a pre-tax profit of £2m this year, rising to £2.9m next year compared with £1.34m.

The company is moving its headquarters from Sweden to London.

Hugin's management team is led by Mr David Pope, chief executive, and the man credited with turning the company round from losses in the late 1970s.

Mr Michael Shanks, chairman of the National Consumer Council, and non-executive director of BOC, is chairman. Hugin plans to seek a Stock Exchange listing in 1984.

Norton Opax

The document containing recommended offers on behalf of Norton Opax for the Broadprint GP has been posted.

The Norton board reaffirms its forecast of profits of approx £1.25m, for year to the end of March 1984 and intends to maintain the current level of dividend payments on the enlarged capital.

J. W. Spear losses cut as recovery continues

GAMES AND toy manufacturer J. W. Spear & Sons reduced its pre-tax losses by £322,000 to £159,000 during the first half of 1983 although turnover for the period was down from £4.84m to £2.55m.

In his last report the chairman expressed confidence that the worst was behind the company. The report accompanying the interim results says that, a few months later, "there is every sign that this is the case and that the company is recovering satisfactorily."

It is pointed out that half-year loss largely reflected seasonality in the company's trading. The figure included associates' losses at £126,000, compared with £131,000 previously.

Tax took £13,000 (added £30,000). Loss per 25p share emerged at 4.3p (11.8p). The company ceased paying interim dividends last year because of increasing seasonality in trading, although only a nominal 0.1p was paid for the full when pre-tax losses of £287,000 were incurred (£674,000 profits).

As reported in the statement for the 1982 year Sio Nv, the Belgian subsidiary ceased trading in May 1983 and Sio Bv, the Dutch subsidiary, was disposed of last August. Consequent losses were fully provided for in the 1982 financial statements and accordingly the results for half-year under review exclude these former subsidiaries.

Negotiations were in progress for sale of company's branch at Assen, Holland. Terms of a sale of Spear's interests to the former manager at Assen, which are subject to UK Treasury consent, were formally agreed last month. Terminal costs and losses amounting to £130,000 to end June last were set against a provision in the 1982 financial statements and were therefore excluded from the results.

Godfrey Davis up midway to £1.9m

AN UNUSUALLY HIGH level of car sales in August at Godfrey Davis (Holdings), together with contributions from contract hire and park homes divisions, resulted in a 42 per cent increase in pre-tax profits for the six months to the end of September 1983.

The taxable surplus grew from £1.3m to £1.85m, which Mr C. A. Redfern, chairman, says can be seen in the light of profits of £2.61m for the year to the end of March 1983. He anticipates that profits for the last six months of the current year will exceed those for the same period of last year.

Turnover for the six months expanded from £45.79m to £50.57m.

The net interim dividend has been effectively lifted from 1.2p to 1.5p. In the last full year a total equivalent to 3.2p was paid after allowing for a one-for-four scrip last August.

The directors intend to pay a final dividend of 2.5p.

First half earnings per 25p share moved up from 3.3p to 6.4p.

Mr Redfern says that Ford main dealerships produced significantly higher profits than the same period in 1982 partly because of the boost to car sales in August. Contract hire has now achieved the stability envisaged last year.

Last July the group disposed of its unprofitable holiday centre division for £1.8m—the resultant loss of £525,000 has been shown as an extraordinary item in the *half year's results*.

A change already made in the operation of the contract hire division, which results in the group's ownership, rather than leasing, of the fleet, gives rise to a tax benefit.

Mr Redfern points out therefore that tax of £617,000 (£676,000) has been calculated at the rate of 33⅓ per cent. Net profits emerged ahead from £624,000 to £1.24m, from which dividends absorb £289,000). Retained profits of £421,000 (£397,000) were arrived at after the extraordinary debit.

● comment

Godfrey Davis's Ford dealerships, which together with contract hire account for 55 per cent of group profits, received more than their usual volume boost in August from "A" registration fever. However, the net effect on sales was diluted because car buyers held back their purchases on both sides of the registration month, and turnover has only increased a few points ahead of inflation. But profits are a different story—up by more than 42 per cent, with margins improving to nearly 4 per cent. This reflects the benefits of disposing of the holiday centres, which lost around £300,000 in their final year with the group, and the contributions from Park Homes' new acquisitions. Meanwhile, the group is becoming increasingly tax efficient as it continues its move from leasing to ownership of the contract hire car fleet. It plans to bring the remaining 2,000 cars into the ownership fold within two years, by which time £15m should be invested in contract cars. The group looks on track for around £3.4m pre-tax by the year-end, which puts the shares at yesterday's price of 87p, up 4p, on a multiple of only 7.3, assuming a 33.3 per cent tax charge.

Strong U.S. trading helps Sketchley to 30% growth

WITH THE benefit of a complete six months trading in the U.S. and the absence of losses from the textile division which has been closed, Sketchley has produced record results for the half-year ended September 30 1983.

Sales moved up by 37.6 per cent, from £35.68m to £49.11m, trading profit rose by 35.7 per cent, from £4.41m to £5.98m after a higher depreciation charge of £2.15m (£1.56m), and the balance before tax showed an advance of 30.7 per cent, from £4.37m to £5.71m.

Shareholders receive their *benefit in the form of* an increase in the interim dividend from 3.6p to 4.1p net, at a cost of £772,000 (£674,000). Earnings were 16.1p (12.1p) per share.

Mr Richard Newton, chairman, says there was a particularly strong performance by the businesses acquired in the U.S. last year, as well as from a further improvement in dry cleaning sales and profits in the UK.

The U.S. workwear rental, linen hire and hospital laundry activities now trade as Sketchley Services, Inc, and it continues to strengthen it market position particularly in the North East and North West of the country.

The economic recovery in the U.S. should be of benefit in the longer term although this is unlikely to show through until the spring of next year, as there is normally a slight weakening of demand in the winter.

Demand for the UK rental division's traditional services was static and margins continue to be under pressure. Contracts with the NCB and Ford Motor Company have been renewed at lower prices but without loss of volume.

Mr Newton says the cleaning division had a record half year for sales and profits in spite of a fall in sales during the hot weather of July and August. Express Cleaners, which operates mainly in the South Midlands, was acquired in September and the division is opening branches in new shopping centres in Cambridge and Peterborough.

Tax for the half year took £2.67m (£2.24m) and there were extraordinary credits of £168,000 (£89,000), to give an attributable profit of £3.2m (£2.22m). For the full year ended April 1 1983 the pre-tax profit was £9.12m and the dividend total came to 12p.

The directors are examining a number of opportunities for the expansion of the range of services and the geographical areas covered, and have great confidence that this strategy will result in "soundly based long term growth."

● comment

While laundry battles have raged and share prices oscillated, Sketchley has been quietly reassessing its prospects and planning its course for the Eighties. Yesterday's better than expected interim figures indicate that some of the thinking is beginning to produce results. The market took note and added 6p to the shares which closed at 418p. Productivity has been improved in High Street dry cleaning shops by bringing in shoe repair and other services. Sketchley recognises that the UK holds limited growth potential with margins on large industrial contracts so tight and is likely to build on its thriving U.S. business Sketchley Services. At the moment the business divides roughly into thirds—UK dry cleaning, UK industrial and North America. The U.S. is highly seasonal and as profits have not yet been broken down at the interim, it will only be at the year end that the full effect of the U.S. acquisitions can be assessed. Analysts, however, expect at least £11m pre-tax and a dividend of around 14p which gives an attractive 4.8 per cent yield.

Young's Brewery improves 30%

FOR THE half year ended September 30 Young and Co's Brewery, based at Wandsworth, pushed its pre-tax profits up to £1.61m, an improvement of 30 per cent over the £1.24m reported for the same period last year.

Mr John Young, the chairman, says the increase in profits was achieved because of good husbandry and improved cost effectiveness, despite a drop in trade over the year of 5.9 per cent.

He pointed out that most breweries were experiencing similar falls in sales but that Young has managed to "sharpen up its methods."

The chairman commented that in particular, the improved profits reflected an increase in the number of pubs managed, rather than tenanted. Eight of the group's 139 tied houses switched over to management during the year and there are now 40 such houses.

Group turnover for the opening half expanded from £15.37m to £16.16m and at the trading level profits moved up by £392,000—last time gains on property sales added £24,723.

The interim dividend is being stepped up from 2p to 2.5p net per 50p share. For the 1982/83 year a final of 2.5p was paid from taxable profits of £2.22m (£1.84m).

● comment

Young has clearly done well to maintain its recent growth trend at a time when volume sales have slumped by 6 per cent. Ale sales must be especially hard-hit as the figure reflects a 9 per cent increase in the growing lager side of the business. No details are forthcoming but the benefits emerging from the costly brewery modernisation programme coupled with the policy of transferring more public houses from tenancy to management must be very substantial to give a first-half profits rise of 30 per cent. On the trading level the company usually displays some measure of relative strength because of its London base, but this year the unusually long and hot summer took a lot of trade into rural locations. Although the underlying weakness of beer demand continues to be a worry, the improved use of resources should more than compensate in the short term. A 20 per cent increase to £2.6m pre-tax should be possible this year, making a fully-taxed p/e of over 30 at 290p, up 15p, look demanding against other regional brewers.

Air Call Holdings placing rights

In a circular giving fuller details of its rights issue to help fund the acquisition of Consortium Communications International, Air Call says that its parent company is unlikely to subscribe for more than a small part of its entitlement.

The parent is Air Call (Holdings), which owns some 75 per cent of the capital. Because of its own working capital requirements it is unlikely to take up more than a small number of the 1,157,896 new shares (being offered at 345p each) arising by way of its pro rata entitlement under the rights issue.

Accordingly, arrangements are being made by Grieveson Grant on behalf of Air Call (Holdings) to pre-place the nil paid shares which ACH does not intend to take up.

For the current year ending December 31 1983 Consortium Communications International is expected to produce turnover of around $10m. It is expected to expand both in terms of sales and profitability.

Yearlings at 9 9/16%

The interest rate for this week's issue of local authority bonds is 9 9/16 per cent, down one eighth of a percentage point from last week and compares with 8¾ per cent a year ago. The bonds are issued at par and are redeemable on November 21 1984.

A full list of issues will be published in tomorrow's edition.

Tecalemit

On November 11 S. G. Warburg, on behalf of an associate of Siebe Gorman Holdings, purchased 600,000 Tecalemit shares at 50 5/16p, representing 1.75 per cent of that company's capital.

Siebe Gorman and parties acting in concert have now acquired 4.8m Tecalemit units (14.04 per cent).

LADBROKE INDEX
720-725 (−4)
Based on FT Index
Tel: 01-493 5261

Mebon and Protimeter to join USM via placing

BY DOMINIC LAWSON

TWO MORE companies yesterday announced their intention to join the Unlisted Securities Market.

Mebon, a manufacturer of industrial protective coatings, is making its move on to the USM by way of a placing of 1,252,620 shares, 23 per cent of the equity, at 96p each. That capitalises it at almost £5.2m.

The company was founded in 1963, by the current joint managing director, Mr Bill Meakin and Mr John Bourne. The customers for their wide range of protective coatings now include BL, the CEGB, GEC, the Ministry of Defence, and British Telecom.

Mebon's high performance coatings are frequently used in the offshore oil industry. They have been chosen for deep sea production on platforms to be built for Conoco to use in the Hutton North Sea oilfield.

In the year to April 1983, Mebon made trading profits of £608,000 on turnover of more than £4m. It is forecasting a pre-tax profit for the year to April 1984 of not less than £800,000.

However due to delays on the Conoco project, results for the first five months of the current year are below those of the corresponding period. Mebon says in the prospectus—in backing-up the profits forecast—that "all deliveries against this project will be made before April 30 1984."

The earnings multiple on a fully taxed basis will be almost 13.4, based on the forecast. The dividend yield will be over 5 per cent on a full year's total dividend payment of 3.4p net per share.

The placing is being carried out by Hambro's Bank, and the brokers were Panmure Gordon.

The other company to announce its application for a USM quote was Protimeter, which designs and manufactures instruments for measuring moisture in crops, buildings and the atmosphere.

Brokers Phillips and Drew are placing 1,554,720 shares at 26½p each, which capitalises Protimeter, which was formed in 1958, at £2m.

In the period from 1979 to 1982, Protimeter's profits record was flat, but in the year to June 1983 it increased pre-tax profits by more than 54 per cent to £307,000, on turnover of over £1m.

Following the issue, which will raise about £120,000, Mr Ernest Gobert, the founding chairman, and his family, will hold about 80 per cent of the equity.

No profits forecast accompanies the placing, although the prospectus states that in the first three months of the current year "sales are materially ahead of the same period last year, which was itself a record."

Protimeter's price earnings multiple at the placing price is 14, and the gross dividend yield is 3.8 per cent. Mr Neil McClure, of Philips and Drew said yesterday: "I can confidently predict a premium of about 10 per cent on the placing price when dealings start."

UK COMPANY NEWS

Charterhall £8m rights to fund Forties stakes

BY DOMINIC LAWSON

Charterhall, the natural resources holding company, is calling on shareholders for almost £8.2m by way of a three-for-10 rights issue at 62p per share. The net proceeds of the issue, about £7.85m, will be used to fund the company's successful tender for a 0.25 per cent working interest in BP's Forties Field.

That interest was acquired at the striking price, set by BP, of £7.5m, and the stake will increase Charterhall's oil reserves by about 1.8m barrels.

Charterhall said yesterday that the acquisition of the Forties interest was particularly timely since it is anticipated that the group will be involved in an extensive offshore drilling programme next year, as well as further UK onshore exploration activity.

The expected relief from petroleum revenue tax and corporation tax arising from this should, says Charterhall, considerably enhance the benefits of the Forties interest. The consideration for the unit, of £7.5m, will be payable in cash on or about January 3 1984.

The company made no specific profit or dividend forecast with the rights issue, but said: "The expected income from the Forties and Buchan Fields allows the board to view the group's prospects with confidence."

Following the announcement ofthe rights issue Charterhall's share price fell from 78p to 71p. Mr Denis Williams, Charterhall's chairman, said yesterday: "The market seems to think that we couldn't pay for the Forties interest without going to our shareholders. That's not true. But this way we don't have to pay the banks."

The issue of 13,212,725 new shares has been underwritten by Hill Samuel and the brokers were L. Messel. The circular giving details of the Forties purchase and the rights issue, together with provisional allotment letters, will be posted to shareholders tomorrow.

● comment

The Charterhall rights issue seemed to surprise the market. This was largely because it was known that tenderers for working interests in the Forties Field had to demonstrate to BP that they could meet the bill from existing resources. Not surprisingly, therefore, Charterhall says that it could have the acquisition without the rights issue. But who wants to pay bank interest with shares on a yield of about 1 per cent? Many in the oil industry feel that the successful Forties tenderers among the smaller exploration companies paid over the top for a virility symbol. Charterhall insists, however, that next year's exploration schedule, agreed with the operators, will make the revenue from Forties completely tax efficient. In later years, the picture is less predictable. The underwriters are no doubt well aware that the last date for shareholders' acceptances falls the day after the next OPEC ministers' meeting. Charterhouse itself claims that all its budgeting allows for stagnant oil prices over the next two years.

R. Cartwright

Of the rights issue by R. Cartwright Holdings, some 1.02m shares have been taken up, representing 91.25 per cent.

The remaining shares have been sold in the market

First half profit rise for HAT

INCREASED profit and dividend are announced by the HAT Group for the half year ended August 31 1983. And the directors are forecasting that the full year's profit will exceed the £8.2m pre-tax achieved in 1982-83.

For the six months the profit has moved ahead from £3.27m to £3.88m, a result of the continuance of satisfactory trading both at home and overseas. The interim dividend is stepped up from 1.5p to 1.65p net on capital increased by the July 1-for-5 rights issue.

The group supplies specialist services and materials such as cleaning, glass, mechanical and electrical, merchanting, painting and plastering. Turnover for the period rose by £19m to £80.5m and the operating surplus was up from £3.42m to £4.32m.

Tax takes £1.43m (£989,000) and minorities £24,000 (£75,000) to leave the net profit at £2.42m (£2.2m) for earnings of 3.75p (3.54p) per share.

● comment

The next direction in which HAT Group will seek to move has yet to become clear. It certainly has not rushed into spending the £14.7m proceeds from the rights issue in July. Meantime the major commercial painting division is up by some 10 per cent, held back somewhat by the need to get U.S. acquisition Sline into shape. But with major contracts like the £30m Royal Brunei Shell under its belt, HAT is strongly positioned to increase turnover and profits. The merchanting division continues to move ahead strongly while the cleaning and maintenance divisions are planning to step up their marketing of integrated services to major clients. The potential of Programmed Maintenance Painting has only just begun to be explored involving long-term maintenance contracts with the cost evenly spread over several years. The property division will benefit from the 56 per cent let office block in Houston, U.S. Annual income when fully let will be $4.4m. High expectations need a little more reassurance and the shares slipped 7p to 111p on the results yesterday. However HAT should make £10m pre-tax comfortably for the year, up from £8.2m, with a corresponding increase in the dividend to 3.3p net and on a prospective p/e of over 17 the market is still optimistic.

GEI moves up and outlook 'set fair'

PROFITS UP £85,000 to £825,000 for the half-year ended September 30 1983 are announced by GEI International. And if trading conditions continue as of now, the "outlook is set fair," says the chairman Mr Thomas Kenny.

All divisions were profitable and no short-time working is now in operation, he tells members. Gross margins generally continued under pressure and this necessitated remedial action in some areas.

In the half-year, turnover of this group of engineering and steelmaking companies rose £3.4m to £29.81m. After tax £396,000 (£363,000) the earnings are shown at 1.2p (1.1p) and the interim dividend is held at 1.76p per share.

The tax charge has been calculated at 52 per cent on UK profits and at the appropriate rates for overseas profits, although tax payable is estimated at £200,000. It has been the company's practice to provide for tax at the prevailing rates even though such tax is not necessarily payable in full.

Mr Kenny says that operations at Barlow and Chidlaw (gear wheels, gear-cutting) have not been profitable for some time, and its activities have been transferred to Allspeeds Holdings and the factory at Manchester closed.

Cox Denholm (bakery ovens and associated equipment) is "responding to treatment" and its results are in the half-year figures. "Certain matters have come to our notice, not as yet of material significance. The matter is with the police, hence I am embargoed from comment and may be so for many months," says Mr Kenny.

Metramatic, the recent U.S. acquisition, is doing well, and the chairman says that other purchases in America are under review.

Cash balances remain good, with substantial agreed bank facilities available.

For the full year ended March 31 1983 the group held its profit at around £3.15m and the dividend total at 5.315p.

● comment

GEI is still saying nothing about last year's losses at Cox Denholm, which provided an unquantifiable drag on the comparable period's results and are now the subject of a police inquiry. Meanwhile, the Metramatic acquisition added £200,000 to these figures, although that was at least partly eroded by increased charges from the U.S. loan GEI took out to fund the purchase. Those complications apart, it looks as if there is steady underlying profits growth in both steel and packaging, although it is unlikely to be quite the 11.5 per cent increase implied by the overall pre-tax figure. Metramatic's performance confirms that the diversification away from less profitable steelmaking into packaging machinery was a rational move, and GEI may well be using its cash balances of £5m to help it build up its packaging portfolio in the current half. The shares rose 10p to 67p, where the group is capitalised at £23.8m and the historic yield is a respectable 12 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:— Allied Irish Banks, Bestwood, Michael Black, Chamberlin and Hill, Cullen's Stores, Jersey General Investment Trust, London and Liverpool Trust, London Trust, Monks Investment Trust, Robert Moss, Mountview Estates, TR Technology Investment Trust, Tesco, Thomas Warrington.

Finals:— General Stockholders Investment Trust, Stockholders Investment Trust, Wade Potteries.

FUTURE DATES

Interims:—	
Globe Investment Trust	Nov 24
Grampian Television	Nov 17
Greycoat City Offices	Dec 7
Initial	Nov 21
Investment Company	Nov 17
Lep	Nov 17
Morland Securities	Nov 18
Scapa	Dec 1
Finals:—	
Burton	Nov 22
Cardiff Property	Nov 28
Castlefield (Klang) Rubber Est.	Nov 24
Five Oaks Investment	Nov 17
Killinghall (Rubber) Dvpt. Syn.	Nov 24
Saga Holidays	Nov 25
Swindon Private Hospital	Nov 21
Tomkinsons	Nov 25

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Godfrey Davies	int.	1.5	Jan 3	1.2*	—	3.2*
GEI Intenl.	int.	1.76	Jan 20	1.76	—	5.32
HAT Group	int.	1.65†	Feb 28	1.5	—	3
London Prudential	int.	2.25	Dec 22	2.25	—	5.5
Milbury	int.	2.45	Feb 17	—	—	—
New Court Trust		9.63	Dec 30	9*	13.75	13.13*
Scottish National Trust		2.7	Dec 21	2.5	3.9	3.65
Sketchley	int.	4.1	Jan 2	3.6	—	12
Somic	int.	1	—	Nil	—	0.5
Young & Co's	int.	2.5	Dec 2	2	—	4.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

UK COMPANY NEWS

MINING NEWS

Sir James takes a cool view of metal prospects

BY KENNETH MARSTON, MINING EDITOR

ABOUT a year ago when world economic recovery seemed to be just around the corner the mining world was cheering up at the prospect of a strong revival in metal prices.

Sure enough, many of them did rise, but as the months passed and the economic recovery failed to spread from the consumer sector into capital goods the metal markets began to lose heart.

Many prices are lower today, especially copper, but the signs are that the full economic recovery will still develop. The difference is that most observers now expect it to be a gradual affair and are not looking for any miracles in the metal markets.

This mood of realism is reflected in the remarks made at the Brisbane meeting of Australia's **MIM Holdings** by Sir James Foots who is now stepping down from the chairmanship. He will remain as deputy chairman while Mr B. D. Watson moves up to become chairman and chief executive officer.

Sir James saw no definite sign of the ending of the prolonged period of low world metal prices. He said that the world mining industry in the 1960s and 1970s had prepared for economic growth rates which had not eventuated. There was thus excess productive capacity.

Even with the short-term outlook improving as the world economy struggles out of recession, the metals business is likely to find the medium term far more complex than in the past, he added.

Slower growth in metal demand, shifting demand patterns as markets expand more quickly in the developing world than in traditional industrialised areas, more forceful competition from metal producers in developing countries and increased state ownership in the mining industry are expected by Sir James.

He foresaw metal price recovery being gradual because of the additional productive capacity now poised to come on stream when metal prices show any sign of an upturn and he also pointed to the high level of stocks. In the case of copper these amount to 14 weeks' consumption, much of which has accumulated at commodity warehouses.

In the case of copper, he said that stocks amounted to 14 weeks' consumption. Much of this metal had accumulated in commodity exchange warehouses which now hold about 58 per cent of copper stocks compared with only 11 per cent some 10 years ago.

Both producers and consumers are using these terminal markets to ease the burden of financing these stocks which is one reason why production is running ahead of consumption.

Others are the desire of countries with state-controlled mines to maintain export revenues and a strong demand for copper concentrates by smelters who also aim to maintain throughput at as high a level as possible.

But not all is gloom. Zinc is a buoyant market—the European producer price has just been further raised to $950 per tonne from $925—and MIM is currently producing zinc at a record rate.

Some welcome good news comes from Canada's Inco in the announcement of a first order worth over $50m (£33.7m) to supply Canadian nickel oxide to Talent Metal Corporation's new reduction plant in Taiwan. The order calls for delivery by 1986 of about 10,000 tonnes of nickel oxide and is part of a 10-year contract.

The new $6m Taiwan plant, due to be completed in March next year, will produce mainly utility nickel pig—a charged nickel product specifically designed for use in arc furnaces — with sufficient annual capacity of about 7,000 tonnes of metal to meet Taiwan's nickel requirements for its growing stainless steel and nickel sulphate industries.

Inco is supplying the project with process and engineering technology and has acquired a 30 per cent stake in Talent Metal in return for its services.

A glister of Irish gold

SOME interesting gold values are reported by **Anglo United Development** from latest drilling at its Irish prospects in County Monaghan. The first hole at the old Clontibret mine area, CL83-1, was drilled to a depth of 771 ft and showed 11 intersections with gold values.

They included 0.16 oz gold (4.98 grammes) per short tonne over 8.2 ft of mineralisation from 141.4 ft to 149.6 ft; 0.05 oz over 9.7 ft from 200.6 ft; 0.11 oz over 3.6 ft from 283.4 ft; and 0.11 oz over 4.1 ft from 442.4 ft.

A second hole found little gold but a third, CL83-3, now being drilled at a point 200 ft north of CL83-1 has reached a depth of 350 ft. It has cut 20.3 ft grading 0.08 oz from 220.7 ft, including a length of 6.5 ft grading 0.2 oz from 232.5 ft. The hole is to be drilled to 750 ft.

"Significant" gold values are also reported from a programme of trenching and drilling in the St Mary's Creamery area, 2,500 ft-3,000 ft north-north-east of Tullybuck.

A gold potential was indicated by underground drilling in 1956-57 at the old Clontibret mine which was worked on a small scale for antimony during World War I.

The latest gold values obtained could be payable in a shallow mining operation, but the major question is how much ore is present and only further drilling can answer that.

Wit Nigel rebuts criticism

THE MANAGEMENT of **Witwatersrand Nigel**, the small independent South African gold producer, has responded to the challenge from a group of dissident shareholders headed by Mr Peter George by releasing a report on the operations of the mine from its own consultants.

The report, from consultants Cyril Heever and Associates, has been circulated to shareholders in advance of the adjourned annual meeting, which is to reconvene on November 30.

This meeting will consider the proposals of the George group to remove several of the present directors and replace them with nominees sympathetic to the group's radically different plans for Wit Nigel's future.

The substance of these proposals was contained in a report from C. Bateman and Associates, consultants retained by the George group. Mr G. Abdinor, Wit Nigel's chairman, circulated this report to all shareholders last week, and promised that a rebuttal in the form of the Heever report would be sent as soon as possible.

The principal conclusion of the Heever report is that there are not sufficient ore reserves to support the massive expansion in mining operations envisaged by the George group.

The report also concludes that the present management of Wit Nigel is on the right lines with a much more gradual expansion when the gold price permits, and that the proposals of the George group are untenable.

Further, the report stresses the fact that Wit Nigel has traditionally expanded as conditions permitted, financing all of its growth from profits and the funds available through the state assistance scheme rather than calling on shareholders to put up the money.

The George group envisages financing the estimated R25m (£14.4m) capital expenditure over the next 30 months entirely through the issue of new shares.

The shares closed 14p higher at 178p in London yesterday.

INTERNATIONAL ROUND UP

THE BIG U.S. copper producer **Phelps Dodge** has realised a further U.S.$20m (£13.5m) towards its target of a total of $100m from asset disposals aimed at reducing the group's dependence on copper.

The latest sale is of Phelps Dodge's brass foundry and related businesses in Anniston, Alabama, to **Lee Brass Company**. Lee Brass is owned by a group of private investors, which includes Mr Bill Neal, former general manager of the Anniston operation.

The plant sold employs around 800 people, and manufactures valves, custom castings, cast and wrought plumbing fittings.

Phelps plans to use the funds generated by its programme of disposals to diversify into a broader range of metals and minerals.

* * *

Canada's **Kiena Gold Mines**, controlled by **Falconbridge**, expects to complete the construction of a 400,000-tonnes per year capacity mill during the fourth quarter of next year. This will help the mine, which came into production during the last quarter of 1981, to cut gold production costs from around U.S.$240 per ounce to under U.S.$200, and will also increase output to an annual rate of 70,000 oz from the current 60,000 oz.

The mine, in the Val d'Or district of north-western Quebec, currently ships the bulk of its ore for custom milling to the nearby Lamaque plant owned by **Teck Corporation**, with smaller amounts going to the **Kerr Addison** and **Pamour** mills in Ontario.

The construction costs of the new mill are estimated at C$20m, with the Quebec Government putting up 20 per cent. Kiena has also committed itself to a C$10m programme to develop its mine over the next three years.

* * *

A preliminary exploration programme has outlined four previously undiscovered mineralised zones just south of the Devon gold mine in the Mount Margaret area of Western Australia, according to **Haoma North West**, part of the **Griffin group**.

Drill indicated reserves at the mine itself are some 250,000 tonnes of ore at an average gold grade of 14 grammes per tonne down to a vertical depth of 100m, with the mineralisation open at depth and to the south.

Haoma is also starting a programme of diamond drilling at Mighty Splash, elsewhere in the Mt Margaret area, where it can earn a 75 per cent interest.

London Prudential

Net assets of **London Prudential Investment Trust** attributable to ordinary capital rose from £9.66m to £13.01m in the six months to October 31 1983. Net asset value per 25p ordinary share was up from 161.1p to 216.8p. At April 30 1983, net asset value was 208.1p.

Investment income improved from £272,000 to £406,000, and other income was up from £10,000 to £30,000. Management and administration expenses were little changed at £33,000 (£31,000) but loan interest was higher at £59,000 compared with £18,000.

The interim dividend is unchanged at 2.25p net and absorbs £135,000. Last year a final of 3.25p was paid.

The directors say that while the interim earnings show a significant increase over the corresponding period last year, it is anticipated that the earnings for the second half and the next financial year will be adversely affected by the company's policy of concentrating its investments in smaller companies.

Scottish National

Investment trust **Scottish National Trust** moved ahead from net revenue of £2.48m to £2.79m in the year to September 30 1983, equivalent to a rise per share of 0.48p to 4.31p.

The year's dividend is being lifted by 0.25p to 3.9p net with a final of 2.7p (2.5p). Net asset value per share, prior charges deducted at par, are given as 224.6p (154.9p).

Gross revenue amounted to £5.91m (£5.31m) and tax accounted for £1.45m (£1.26m).

At the half-way stage net revenue had risen from £1.13m to £1.16m.

Clini-Therm

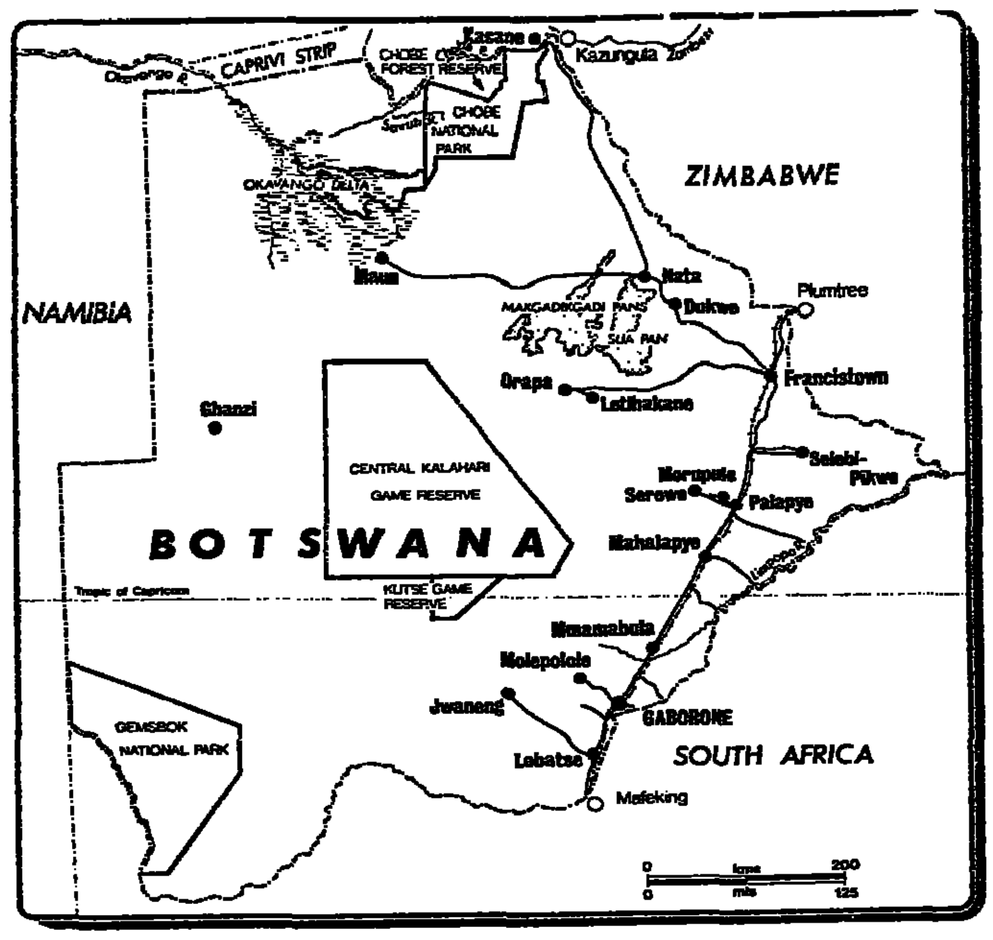
Clini-Therm Corporation of the U.S., a leading developer of hyperthermia equipment for heat treatment of cancer, has completed a private placement of shares primarily with UK and European investors.

The issue, the company's first on the international market, raised $3m. Some 571,428 ordinary shares were issued, together with warrants to raise a further $2m. The placing was arranged by Enskilda Securities, Skandinaviska Enskilda.

FINANCIAL TIMES SURVEY

Wednesday November 16 1983

Botswana



The country's delicate relationship with neighbouring South Africa creates a number of dilemmas. A well-considered programme to increase industrial development and improve agriculture is being pursued, against the background of a need to find more jobs

Diamonds and democracy

Survey written by J. D. F. Jones and Michael Holman

A HUNDRED years ago Britain hesitated to assume imperial responsibility for the Tswana tribes beyond the Transvaal Republic. "Bechuanaland is of no value to us," argued Mr Gladstone's colonial secretary. "It is of no consequence to us whether Boers or native chiefs are in possession."

Bechuanaland is today Botswana and has become something of a model African state. It is one of the world's leading producers of diamonds and has high hopes of other mineral riches. Its government is democratic, modest, competent, realistic, and favoured by the international community. The problem—now as then—is the "Boers," or, more precisely, the relationship with South Africa.

Of all the African "front line states," Botswana's position is the most delicate. The other former British High Commission territories, Lesotho and Swaziland, are essentially client-states of South Africa. Zimbabwe and Mozambique, on the other hand, have the size, the population, and the alternative international access to be certain of a real autonomy. Botswana comes somewhere in between, and its government and people are pragmatic enough to understand the difficulty of their situation.

No one should doubt Botswana's detestation of South Africa's racial policies — but there can be no forgetting that the border post is just a few miles from the capital, Gaborone. The national economy is deeply integrated into the regional structures that are dominated by, and usually administered by, South Africa. The businessmen usually operate with an ear to their colleagues in Johannesburg.

Botswana refuses to be a member of the Rand Monetary Area (unlike Swaziland and Lesotho) but inevitably imports her inflation rate from the south. Though often exasperated, Botswana is a member of the Southern African Customs Union (and so her exports are counted in South Africa's trade statistics!) and SACU is the Government's principal source of revenue.

Symbolically, there are no formal diplomatic relations between Gaborone and Pretoria but there is direct-dialling and "telephone diplomacy," the sensible and necessary solution to many problems. Gaborone is the headquarters of the Southern African Development Co-ordination Conference (SADCC)—whose aim is to lessen the economic dependence on South Africa of the independent states of the region—but ministers and officials usually have to fly in and out via Johannesburg.

Route

But the most difficult part of this reluctant relationship is the security aspect. The difficulties have recently been getting greater. Botswana, with its enormous land area, its tiny population and unmannable frontiers, is an obvious route for those who wish to leave South Africa without Government permission. Similarly, one assumes, a territory from which people might try to re-enter the Republic.

Botswana is passionately committed to its role as a haven for refugees. The South African Government constantly warns that it will not permit the frontline neighbouring territories to be used as a launching pad for military activities by organisations such as the African National Congress (ANC). Recently, Lesotho, Mozambique and Swaziland have come under heavy pressure from Pretoria, military, diplomatic or commercial, so as to underline this insistence.

More generally, the states of the region all believe that South Africa is practising a policy of "de-stabilisation," with a view to warning them, frightening them, and weakening them by such tactics as the encouragement of internal dissidence.

It is arguable that Botswana has suffered less from "de-stabilisation" than any of its colleagues (though, correctly, senior officials point out that Botswana is also damaged by such things as the disruption of rail communications in Mozambique). This is true at present, and probably a comment on the skill with which Botswana has walked the tight-rope of rejecting South Africa's policies and yet not provoking that country's response.

Recently, the trick has become more difficult. South African ministers appear to be developing a sort of Monroe Doctrine in Southern Africa, hardening up their attitude to the ANC by issuing warnings which appear to mean that the republic is no longer going to tolerate even an ANC *presence* or ANC affiliates, as opposed to the ANC military bases, which have previously been forbidden.

This is going to put Botswana in a dilemma. "We don't harbour any ANC here," President Quett Masire told me in an interview. "But we do have a refugee open-door policy . . . refugees come and are welcome, but are encouraged by us to pass on to other countries."

While in Botswana, he explained, they are not allowed to attack their home country, even verbally let alone physically. The new South African statement, said the president, was an alarming development "because we are the first country for the refugees and we can only push them beyond Botswana if there are countries willing to take them."

In all this, President Masire was referring not only to South Africa but also to another neighbour, Zimbabwe, with which he described the latest situation as "rather worrying." The problem is more urgent because, as a result of the unsettled situation in Zimbabwe,'s Matabeleland, "dissidents" are still crossing over into Botswana.

The Government response is to put them into Dukwe on the assumption that if they are genuine refugees they will stay there, whereas, if they are discovered to be using Botswana merely for a military withdrawal, they are sent back across the border.

The snag is that the Zimbabwe Government, or perhaps its army commanders on the spot, are not satisfied that the Botswana authorities are sending back enough "dissidents," so there has been a series of trans-border incidents in which the Zimbabwe Army units have crossed over to do their own round-up.

There is obviously a serious danger that this will lead to a major incident between the Zimbabweans and the modest Botswana Defence Force (originally formed in the days of the Rhodesian civil war to protect this same frontier against Mr Ian Smith's soldiers), which would put an intolerable strain on the ostensibly cordial relations between President Masire and Mr Robert Mugabe.

Presumably, this eastern problem will recede, if and when the Zimbabwe security situation improves, but the delicacy of the South African border is going to remain indefinitely as it must be assumed that the ANC will persist with its policy of infiltrating its men into the republic from one or other of the neighbouring territories.

As the Botswana Government is all too aware, impatience in Pretoria could easily lead to retaliation—military or commercial—against which Botswana would be powerless to defend itself. The new Defence Force, about 3,000 strong, cannot be more than a trip-wire, for all its new equipment and its Indian (and British) training. Botswana, like Lesotho, has suffered from South African interference with the passage of arms supplies across its territory.

Attitudes

In other areas, South African attitudes continue to be vitally important. Botswana has, of course, benefited greatly from the decision of De Beers to maximise its diamond operations. On the other hand, it will be an important test case to see how Pretoria chooses between two rival and major soda-ash projects, one of them in Botswana, the other in South Africa.

evitably, Botswana's attempts to develop its own industrial sector ttend to compete with similar policies inside South Africa, where the incentives on offer are greater than Botswana can provide.

Botswana's trump card is, or could be, that it offers a base for export to the rest of black Africa, and to the EEC, as well as to the South African market.

These efforts are important because a combination of international recession, regional *drought, and a very high birth*-rate have created economic difficulties — discussed in the rest of this survey — of which the most serious is undoubtedly the inability to create enough new jobs, either in the towns or in the vulnerable agricultural sector. President Masire says of the unemployment problem: "This is the one question that has bedevilled us."

In many countries one might expect a problem like this to translate into domestic political tensions, but this does not appear to have happened as yet. Botswana is one of Africa's few multi-party democracies, and an election is coming up—"some time next year," the President promises, keeping the timing to himself—but the majority dominance of the ruling Botswana Democratic Party is beyond realistic challenge.

There is no great sense of visible and vociferous debate in Botswana; that may be the character of the Botswana and also a reference to the system of tribal consultation, rather than any national indifference. One hears talk of the President's decision to appoint "another Southerner," the Finance Minister, Mr Peter Mmusi, as Vice-president this year, rather than a member of the leading Bamangwato tribe (who provided the revered founding President, Sir Seretse Khama).

Other observers suggest that any political flames are more likely to be fuelled by the generation factor—that is, by the impatience of younger men to move up into the limited number of positions of power and influence.

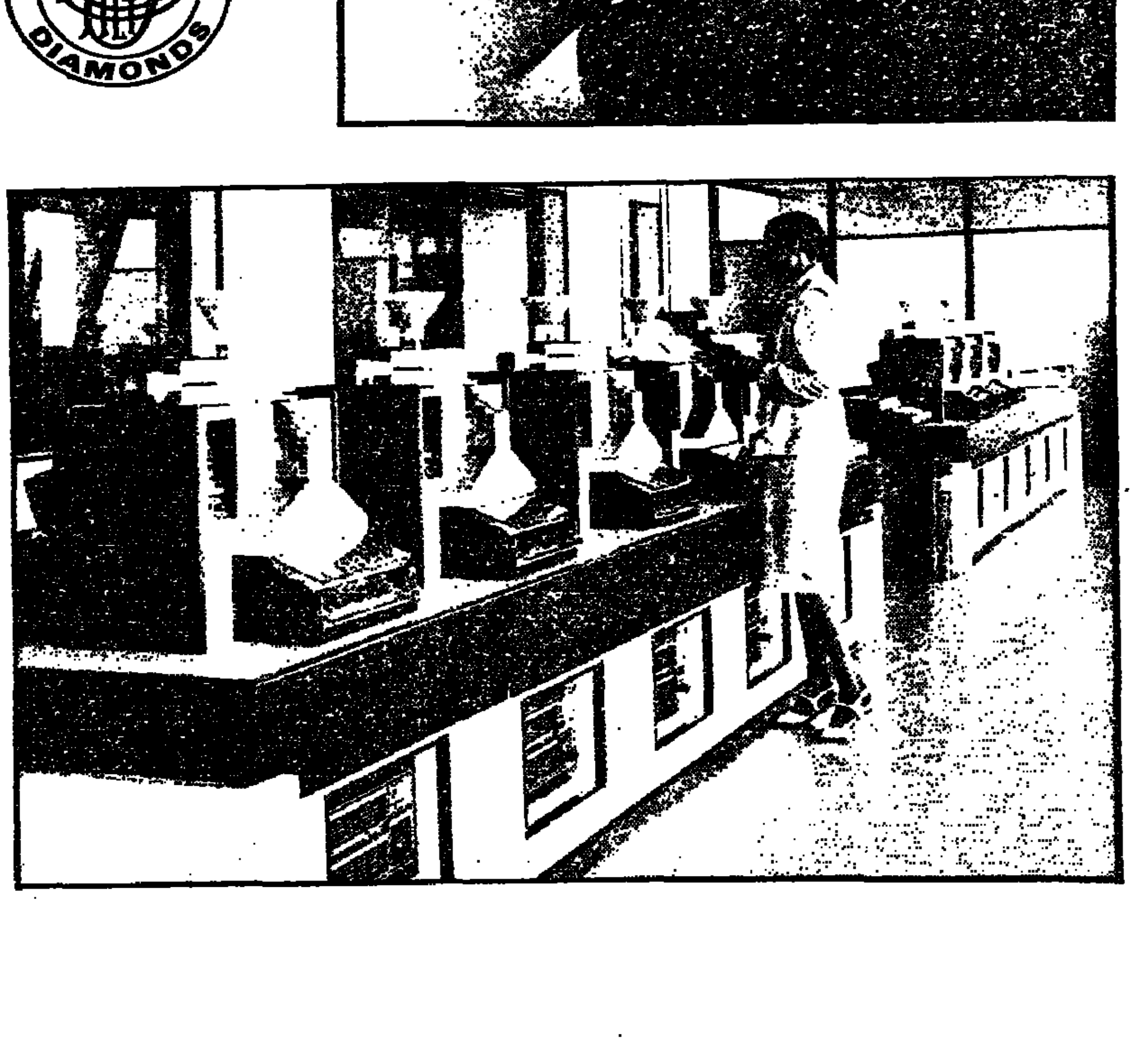
J.D.F.J.

BASIC STATISTICS

Population:	1m
Area:	582,000 sq km
GDP:	Pula 775m (1980-81)
Trade (1982):	Imports—P680m
	Exports—P440m
Currency:	Pula £1=Pula 1.66 $=Pula 1.11

Botswana is a member of the Southern Africa Customs Union

CONTENTS



Economy: aim is to build jobs on mineral wealth

IF BOTSWANA'S economic well-being were judged solely by conventional yardsticks, the country is riding the blows of drought and depressed mineral prices remarkably well. Reserves stand at an all time high, the debt service ratio is in single figures, the balance of payments will be in comfortable surplus this year, foreign exchange restrictions are virtually non-existent, and the country's overall credit rating is probably among the top three in Africa.

It is largely the result of the prudent financial management that has characterised the government's handling of a transition from an impoverished cattle - dependent economy at independence in 1966 to one of the world's major diamond producers with further untapped mineral potential.

Yet, as two major government reports themselves acknowledge, behind these rosy statistics is a vulnerable economy faced with problems which, despite the administration's efforts, are growing rather than receding.

The rigours of the two-year drought aside, even normal rainfall can barely sustain the country's 80,000 small farmers and their families—75 per cent of the population—who scratch a living from the land. Yet if the land cannot provide a reasonable living for Botswana's 1m citizens (whose numbers will double in 30 years as a result of a worrying 3.3 per cent annual population increase), there are limited opportunities in Botswana's industrial and manufacturing sectors for the 12-13,000 work seekers who come on to the market each year.

Few of these school leavers have anything more than seven years' primary education, leaving the country desperately short of skilled manpower—one of the greatest development constraints the country faces.

Precarious

Thus the difficulties posed by rising unemployment, a drift to the towns (a third of the population will be urban by 1991, compared to under 10 per cent at independence) and a precarious agricultural sector, tend to outweigh the uncertain prospects for further mineral development.

But whatever grounds for concern exist about medium-term prospects, the short-term picture is considerably brighter than some two years ago, when the remarkably high and steady post independence growth came to an abrupt halt. The combination of the slump in the diamond market and the drought saw GDP fall 5.3 per cent in 1981-82.

The dramatic results of previous years had been due largely to a single factor—diamonds. First Orapa, then Letlhakane and finally a further lucrative find at Jwaneng turned Botswana into one of the world's major producers. Diamond exports more than doubled between 1978 and 1979, and rose a further 25 per cent in 1980 to P237m, or 61 per cent of total foreign exchange earnings.

The reversal of fortunes was equally dramatic. The depressed diamond market caused a 43 per cent fall in sales in 1981 over 1980, while prices for nickel and copper matte from Botswana's struggling Selebi-Phikwe mine remained at record lows.

In the following months the drought, which took hold in 1982, forced crop production down from 52,000 tons in 1981 to 15,000 tons last year and falling further to under 10,000 tons this year—far short of the country's 130,000 ton annual demand for marketed cereals.

It was this series of blows which forced the government last year to enforce a set of measures designed to cope with the most serious economic challenge since independence. Wages were frozen, government development spending cut, a ceiling was imposed on bank lending, and the Pula, which had been revalued no less than three times since Botswana moved out of the South African Rand currency area in 1976, was devalued 10 per cent in May.

Then, in the course of the year, exports received a massive boost. The Jwaneng diamond mine came on stream, and the market picked up towards the end of 1982. The net result was an overall balance of payments surplus of P57m at the end of 1982, turning round the deficit of P61m in 1981.

This year, according to the latest official revisions, is likely to see a surplus of nearly P60m, in part a reflection of higher mineral sales (diamonds in 1983 will bring in P435m, accounting for two-thirds of total exports of P663m), but also the consequences of a slump in the construction industry—hard hit by a water shortage—which in turn has reduced imports.

Assuming the drought breaks and the diamond market holds, says the Governor of the central bank, Mr Charles Kikonyogo, a balance of payments surplus of P100m next year "is not out of reach." In the meantime, reserves stand at P440m, nearly six months import cover, while the debt service will not exceed 5.5 per cent next year—up from the 2-3 per cent of the early 1980s as first repayments of a US$30m Euromarket loan negotiated in 1978 but not drawn until last year take place.

It is from this comparatively comfortable position that government is embarking on a major assessment of development options for the years to come.

The basic issues are set out in two major reports:

● A Mid-term Review of the Fifth National Development Plan 1979-85, which also looks ahead to the priorities for the sixth plan;

● The report of the Presidential Commission on Economic Opportunities, published in May 1982, and the subject of a White Paper released at the end of last year.

If a single issue is to be selected from the Review and the Presidential Commission, it is the problem of the rising population with which job creation cannot keep pace, allied with the shortage in skilled manpower. Despite an increase of nearly 10 per cent a year over the 1970s in job openings in the formal sector (much higher than most African countries), demand outstrips places.

Hawking

The labour force is growing reports the commission, by 12-13,000 a year, while formal job creation has been 5,000 p.a. over the past five years: "Even taking an optimistic view, it is very unlikely that the formal sector will employ even half of the national labour force before the turn of the century." The rest must find work either in what is known as the informal sector (self-created jobs such as vegetable hawking, shoe repair, carpentry and so on), or on the land.

Yet the Mid-Term Review has a bleak assessment of progress in the crucial agricultural sector, where the Arable Lands Development Programme (ALDEP, discussed elsewhere in this survey) is the mainstay of government policy.

The Review points out that "there has been a downward trend in real agricultural output since the mid-1970s, in spite of the fact that the period under review ends in the relatively good rainfall year of 1980-81, not in the drought season of 1981-82 or 1982-83."

ALDEP itself was only initiated in 1980-81, but the presidential commission concludes that early evaluation reports suggest that the programme "has fallen far short of what was planned. If ALDEP does not live up to expectations," the commission warns, "the social, economic and political consequences will be far reaching."

Nor does Botswana's traditional mainstay in the rural areas, tending the 3m strong national cattle herd, offer much comfort. Access to the European Economic Community has boosted beef exports to an all time high of P87m last year, but the sector has two problems.

Overgrazing

Ownership is highly skewed and becoming more so (estimates suggest that half the national herd is owned by 5 per cent of households), and there is serious overgrazing in many parts of the country. It should be said, however, that Government is well aware of these and other problems, such as the need to give water development a much higher priority. Vocational and technical training, for example, will get a greater share of the education allocation.

It is too early to judge the long-term impact of Government's major response to the unemployment problem, set out under the Financial Assistance Policy (discussed in more detail elsewhere). The programme has been under way only since May last year, though in that time more than 1,000 jobs have been created. It is the product of nearly two years of debate about the best way to meet two objectives: the creation of jobs at a faster rate than hitherto, and the diversification of the country's ecenomic base.

But as the White Paper on the subject notes: "Simply establishing this programme will not solve our economic problems, nor will it diversify the economy. It is only one element of our economic policy."

Yet given the difficulties in agriculture, and limited prospects for expansion of industry and manufacturing (despite improved incentives, it is difficult for Botswana to match terms offered in South Africa), opportunities for school leavers are likely to fall well short of demand.

Hopes for future development are concentrated at present on two projects: realisation of Botswana's hope of becoming a leading coal producer, with annual exports of 5m tons or more, and exploitation of soda ash deposits at a rate of some 450,000 tons a year.

Yet, even if these two projects come off, the government faces a decade fundamentally different from the mineral-led development of the past 10 years.

The results of the diamond finds have been ploughed back into an infrastructure and social services largely lacking at independence. The next decade will require the successful investment of mineral revenue outside the government sector. The critical yardstick of success will be the administration's caapcity to find jobs for its growing population.

M.H.

CENTRAL CURRENT ACCOUNTS
(Pm)

REVENUE	1975-76	1976-77	1980-81	1981-82	Revised estimates 1982-83	Estimates 1983-84
Customs and Excise	25	16	102	104	113	158
Mineral revenues	23	17	101	77	100	130
Other income taxes	13	14	38	42	53	71
Other taxes	2	2	3	4	8	10
Non-tax revenue	16	22	25	56	54	52
Grants	8	16	38	40	38	37
Total revenue	87	87	307	323	366	458

Source: Bank of Botswana Annual Report 1982.

President Quett Masire and (right) Mr Peter Mmusi, Minister of Finance and Development Planning: they have faced the most serious economic challenge since independence.

EXPORTS BY COMMODITY, AND DUTY INCLUSIVE IMPORTS. 1980-1982
(Pm)

	1980	1981	1982*
EXPORTS (fob)			
Diamonds	237	136	246
Nickel-copper matte	81	80	56
Beef†	36	73	87
Textiles	15	16	15
Other‡	21	29	36
Total	390	334	440
IMPORTS (cif duty-inclusive)	537	663	680

* Provisional. † Includes hides and skins and beef products. ‡ Includes re-exports.
Source: Department of Customs and Excise.

BALANCE OF PAYMENTS SUMMARY
(Pm)

	1980	1981	1982
Adjusted balance of visible trade	− 45	−239	−130
Balance on services	−115	− 49	−112
Balance on goods and services	−160	−288	−242
Net transfers	+ 99	+116	+124
Balance on current account	− 61	−171	−118
Balance on capital account	+120	+ 91	+156
Net errors and omissions	+ 13	+ 19	+ 19
OVERALL BALANCE	+ 72	− 61	+ 57

Source: Bank of Botswana Annual Report 1982.

NUMBERS EMPLOYED IN MANUFACTURING INDUSTRIES 1976-1985

	1976	1979 Planned	1979 Actual	1981 Planned (NDP IV)	1985 Planned (NDP V)
Manufacturing Industries (licensed)	2,500	3,300	3,420	4,000	6,000
BMC	1,330	1,470	1,652	1,900	2,500
BEDU*	480	1,300	1,170	2,500 1,600†	3,000†
Development trusts	580	830	770	1,100† 930	1,350
	4,890	6,900	7,050	9,500	12,850

* Including entrepreneurs.
† NDP V—revised planning including transfer of existing jobs of non-formal sector to BEDU scheme.
Source: Botswana '82 Yearbook

Major projects progress

A CLUTCH of major development projects are in progress in Botswana—funded by the new Government revenues, and by international aid—which will transform the country's infrastructure.

● All contracts have been let and construction has started on the P250m 90 MW new power station, near the existing coal field at Moropule. It is scheduled for completion in early 1986 and will be dry-cooled.

In the meantime, a part of Botswana's response to the serious drought has been to purchase its electric power from South Africa's Escom grid. An international funding programme has been led by the World Bank. The turbines are being built by NEI Parsons.

● The new Gaborone Airport is taking shape and is due for completion in mid-1985. The control tower was topped-out last month. Sir Alfred McAlpine have the runway contract, and Kier Botswana the building work.

Air Botswana is re-organising its fleet and will have two Fokker F27s and a Dornier.

Impetus

● The drought has given an extra impetus to the raising of the wall of the Gaborone Dam with the help of the World Bank.

The dam was originally designed to meet the needs of 20,000 people, but Gaborone is now 60,000 strong and its population is estimated to grow to 120,000. Additional sources of water supply for the capital are being urgently investigated and developed.

● Cable and Wireless is overseeing the development of the telecommunications system P55m is to be spent, with a main contract of P25m.

● Botswana's takeover of the main north-south railway through the country (which has so far been run by Zimbabwe) is proceeding on schedule. Much of the line has to be relaid. Chinese advisors will handle the southern section: the Zimbabwean government is responsible for most of the training; and the locomotives will come from West Germany. Transfer is scheduled for end-1986.

● Of the main north-south road, only about 100 kilometres remain to be tarred in the far north, and this should be finished by next March.

J.D.F.J.

National Plan misses forecast

WHEN Botswana launched its Fifth National Development Plan, for 1979-85, it set the overall target at 10.1 per cent average annual growth in real GDP. However, two factors intervened over which Botswana had no control: two successive years of drought, and a depressed diamond market.

The net effect, points out the Government's Mid-Term Review of the Plan, was a halt in real GDP growth in 1980-81 and a 5.3 per cent decline in 1981-82. In the longer term, the GDP outcome for the final years of the plan is likely to be under even the planners' forecasts based on "conservative" rather than optimistic mineral growth projections.

Looking at future development strategy, the Review stresses: "The development of further large mining prospects offer the only realistic possibility that high rates of GDP growth, such as those experienced since independence, can be continued in the future."

Hopes in this area are pinned on coal and soda ash projects. But in the meantime the Review stresses the importance of two constraints on future development.

The first is water. "The second year of drought in a row has underlined . . . that the extremely rapid growth of Gaborone is outrunning its longer-term water supply. The raising of the Gaborone dam will provide only a relatively short-term respite . . ." Under the next Development Plan, government will establish a national water management programme.

Accelerate

The second constraint is the shortage of skilled manpower. The Review recommends that government "intentionally slow down its absorption of skilled manpower so that more of this scarce resource can be channelled into local government and the private and parastatal sectors." At the same time, it advises government to accelerate expansion plans for technical training and senior secondary education.

The Review also warns of the "substantial gap" likely in the late 1980s between job seekers and work opportunities, and highlights the importance of diversification of the economy.

M.H.

BOTSWANA III

Tourism: extraordinary country remote from the 20th century

Seeking the wilderness

FIRST, YOU get yourself to Johannesburg. Next, you fly to Gaborone (about one hour) and on to Maun (nearly two hours). Then you transfer to something small and probably single-engined and fly over desert and bush for another hour or so, depending on whether you are destined for dry land or swamp.

By the time you land you are tired—maybe dead-beat—but you are in the very heart of the real African wilderness. Indeed, you could hardly find anywhere on earth so remote from town and hassle and the 20th century.

It is certain to be extraordinarily beautiful. And yes, *the bush is teeming with wild*life on a scale surely unmatched elsewhere in Africa. But there is no hardship. The game wardens are welcoming and courteous, the showers are hot, the beer is cold, the wine is chambré, the food is simple but good, and the mattresses are sprung. You sleep like a child, woken only by the lions or, eventually, by the African dawn.

This is the image which Botswana wants to project of its tourist industry. It is a reality which it can already deliver, as many Europeans and Americans and South African visitors will happily confirm.

It sounds, and is, expensive: there is no evading the fact that a trip to Northern Botswana is an "up-market" exercise. That is the way it is going to stay because the Botswana Government, however anxious it may be to develop its tourist market, is very sensibly aware that encouragement of a large number of visitors would risk alienating the "quality" trade which it is now able to command. Botswana is not intending to become another Kenya.

Botswana's scenery is extraordinary: wonderful wild life; enormous empty spaces; the meeting of the savannah plains and the unique Okavango Delta; the desolate and fascinating Kalahari Desert. But the scale of the tourist potential must be put in perspective.

The newly-appointed senior tourism officer, Mr Ian Dixon (late of Zimbabwe), reckons that after excluding the peripatetic businessman, the "real" tourist arrivals at present total about 10,000 a year. He describes the present situation as "a reasonably well-established, high-income, low-volume traffic," bringing in about P7m-P8m a year to add to the estimated P7m that is brought in by the hunting industry.

Hunting is a separate subject.

Botswana is one of the few remaining countries where the international hunter can indulge his killer instincts, and has about 25 companies to help him, but it will cost him an extremely large sum of money. In the long run the hunting traffic is probably under challenge, as it has been elsewhere.

Tourism *in Botswana means* the North. Elsewhere, for instance in the Central Kalahari, the desert may be intriguing but the tracks are too poor and water and supplies so difficult that only the committed "bundu basher" will venture there with his Land-Rover and tent. Some people want to encourage a Kalahari circuit, but it can never be big business.

Game territory

But the North is extraordinarily different. The great attraction is the colossal Okavango Delta, where the waters of the Angola highlands spill down into the desert and create enormous areas of swamp and island. Immediately east, however, the Delta merges into the superb game territory of Moremi, Savuti and Chobe, which eventually extend into Zimbabwe's Wankie and Victoria Falls.

Botswana can therefore offer excellent game and also a unique water terrain (or, if you prefer, hunting and also fishing) on a scale scarcely available any more in Africa.

In developing all this, the dilemma for the policymakers is to keep a sensible balance. They do not want to encourage the tourist hordes (even if transport costs over such distances were surmountable) because they do not want to risk frightening away the existing well-heeled clientèle.

What they have to offer, and to sell, is a unique access to the wilderness — and that, by definition, cannot become a mass experience. Indeed, even if Botswana were to decide to aim for maximum revenue from its wild life, sheer distance and inaccessibility would defeat the intention.

There are at present 338 tourist beds per night available in the northern areas; a figure expected to rise to 770 by 1987. In addition, there are reckoned to be 178 "mobile" beds (which refers to travelling tours) which might rise to 322 in 1987.

Obviously, the length of the season is as important as the number of beds: at present "high season" is July-October, but there is a clear trend which shows a widening of the season towards 10 *months or more.* (Heat, rainfall and the height of the Delta waters are all factors.) Many of the camps (which are all small) can claim 100 per cent occupancy in the peak season and most of them close for 2-4 months.

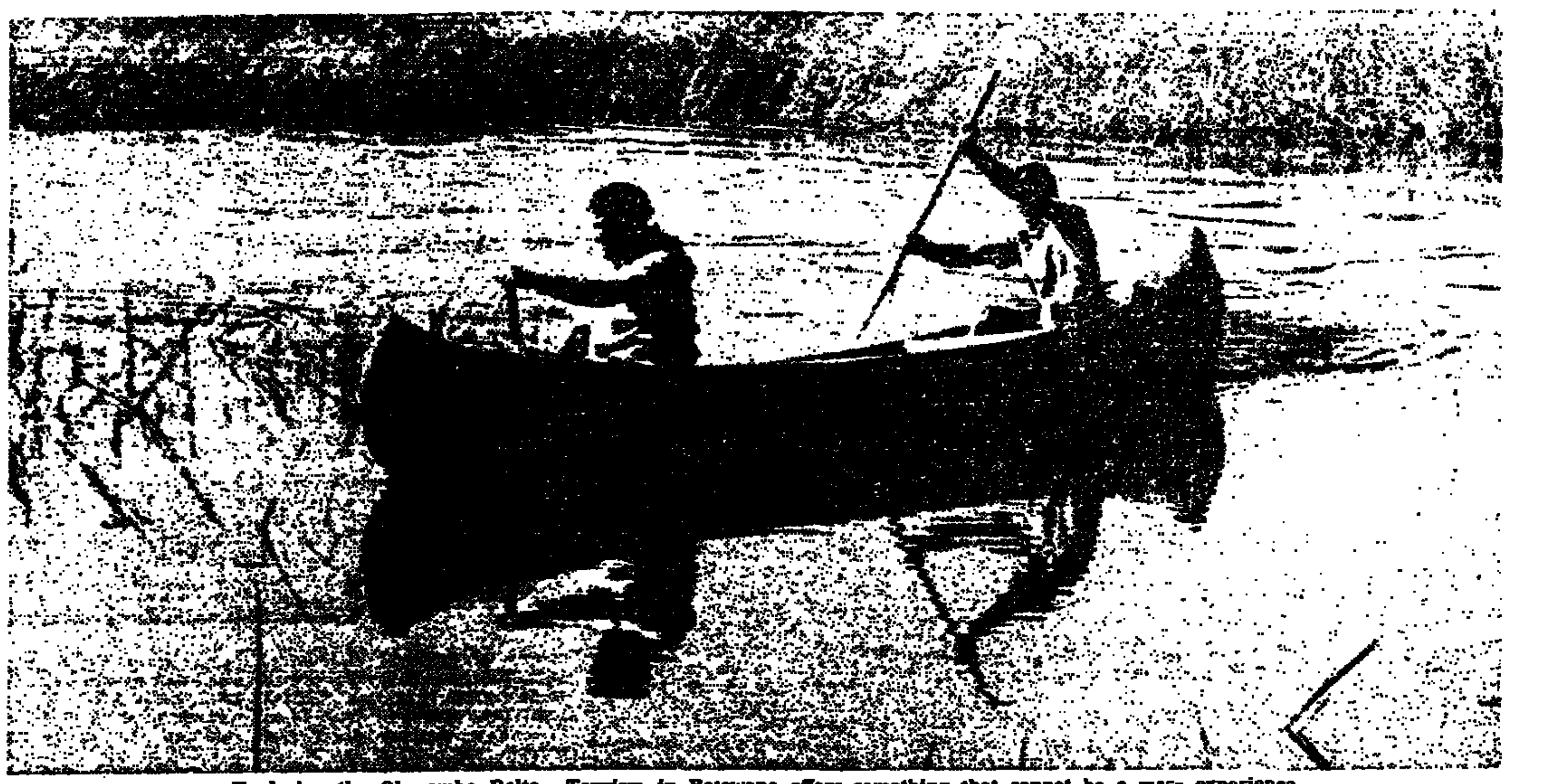
In the north there are about ten camps inside the Delta-proper (i.e. able to specialise in game and bird safaris by canoe). There are five luxury camps run by Gametrackers (now government-owned via the Botswana Development Corporation) in the middle area on the edge of Moremi and the Chobe Lodge which will reopen under new ownership next month after several years' sabbatical.

Air Botswana (also government-owned through the BDC) is the feeder service to the frontier town of Maun, where the BDC is engaged in improving the local hotel. Gametrackers reckon it divides its custom mainly between American, German and South African tourists, with a balance from the rest of Europe.

You pay your money and you take your choice. If you can find a Land-Rover, the expedition (from South Africa or Zimbabwe) up to Francistown and on beyond Maun will be rough and tough and very long and affordable and unforgettable.

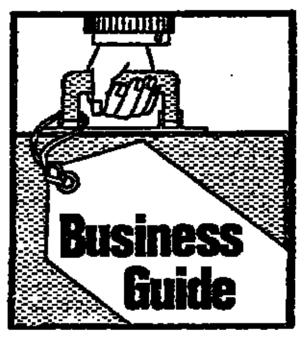
If you prefer the comfort offered by someone like Gametrackers, it will cost you about P200 a day on top of your air fares to Maun. Either way, it will be worth every pula, for the simple reason that it is a unique corner of a fast-vanishing Africa.

J.D.F.J.



Exploring the Okavambo Delta. Tourism in Botswana offers something that cannot be a mass experience.

Relaxed and welcoming capital



Names

THE COUNTRY is Botswana. The people are the Batswana. An individual is a Motswana. The language is Setswana—and the official language is English.

Connections

Most visitors arrive via Johannesburg and South Africa, although there are direct flights from Harare and also the railway from Zimbabwe. Visas are not required of Commonwealth citizens or South Africans.

Vaccination certificates are not normally necessary, but remember to take malaria tablets if you are going north to the Okavango Delta.

Internally, Air Botswana flies between Gaborone, Francistown, Maun and Selebi-Phikwe.

Lifestyle

The capital, Gaborone, is still very small so that it is often possible to walk from one appointment to the next. The Batswana, and also the expatriate officials, tend to be welcoming and informal; *appointments are easily made*, even at short notice.

Lifestyle is relaxed and modest. Only senior businessmen, some politicians and some diplomats might bother to wear suits, and safari shirts or lightweight jackets are entirely acceptable — and sensible.

The climate is, of course, hot and dry. The rainy season, when it comes, is October-April.

Hotels

Gaborone's main hotels for the visitor are the Holiday Inn and the President. The choice is a difficult one because the President, in the centre of town, is in some ways the better hotel (eg the food), but the Holiday Inn, on the outskirts, has a swimming pool, a large garden, and a casino and floor show. Whichever one you favour, book in advance.

The best hotel in Francistown is the Marang Motel. Some of the tourist camps in the north achieve remarkably high standards, considering their remoteness, but elsewhere expectations should not be pitched too high.

Botswana beef is good. South African wines are available without embarrassment, as are many other products from the republic. The beer is the local *version of the South African* labels.

Embassies

Embassies are maintained by Britain, the U.S., USSR, China, West Germany, Nigeria, Sweden and Libya, and consulates by Holland and Denmark.

Gaborone is the headquarters of the secretariat of the Southern African Development Co-ordination Conference (SADCC).

Recreation

Distances are enormous (Botswana is the size of France with a population of scarcely one million). The weekend in Gaborone can be quiet, so the visitor might be wise to arrange to travel out of town. Best of all, fly up to Maun and on into the Okavango Delta or the Moremi or Chobe game reserves.

Nearer home, the flat wastes of the Central Kalahari have their own fascination, so drive out to the Khutse Reserve—but you will need a four-wheel drive vehicle and local advice because facilities are non-existent.

The government-owned Botswanacraft shops are some of the best in Africa. They specialise in superb palm-leaf baskets. Or consider the tapestry and weaving from Odi, just north of Gaborone.

What to read

Books to read include:

The excellent "Guide to Botswana" by Alec Campbell, available locally.

"Barclays Bank, Botswana: an Economic Survey and Businessman's Guide" (1982).

"Papers on the Economy of Botswana;" ed. Charles Harvey (Heinemann, 1981).

"The Political Economy of Botswana," by Colclough and McCarthy. (OUP, 1980).

"The Last Wilderness," by Nicholas Luard (Hamish Hamilton, 1981) (and various superbly illustrated books about the environment and wildlife). There is a good bookshop in the Gaborone Mall.

The National Museum in Gaborone is well worth a visit.

Botswana is one of the most racially-relaxed countries in Africa. There are next-to-no visible tensions.

Independence

Botswana, formerly the Bechuanaland Protectorate, became independent in 1966 and is a member of the Commonwealth. The first president, Sir Seretse Khama (below), died in 1980 and was succeeded by Dr Quett Masire.

BOTSWANA IV

The most promising prospects need time to develop

Minerals: keeping a sense of proportion

THE BOTSWANA economy — said the expatriate adviser in Gaborone — is like the python swallowing the *duiker*: it takes an enormous gulp and then spends ages digesting its find. The diamonds have been the *duiker*, but there is no sign of another feast in the near future.

This is a useful warning to keep a sense of proportion. Diamonds have been the transformation of Botswana and also have posed all sorts of digestion problems. It has been easy to speculate about the next big find, especially after the 1970s geological surveys suggested there were plenty more treasures under the Kalahari sands. Life is not so kind, and even the most promising prospects are going to take some time to come right.

The best, and best-known hope is coal. There is no doubt that Botswana possesses great reserves of medium-quality coal which, if the world market were not in such recession at present, would justify ambitious government and corporate export projections. But the Botswana coalfields are buried in the depths of Central Africa and the problem is not the mining but, since local demand is fractional, the transport to the sea at a price which would still allow the coal to be internationally competitive.

Five international companies are active: Shell Coal, BP, Charbonnages de France, Amax and Total. Shell is far in the lead, having been there since 1974. It is involved in the area near the existing modest mine at Morupule, where Anglo American mines about 400,000 tons a year. The Kgaswe deposit with its three seams is estimated to contain at least 300m tons of internationally saleable coal.

Further south, at Mmamabula, Charbonnages de France has a joint venture with Amax (and is having tests done in Pretoria at this moment). BP has just extended its prospecting licence for two years and Total is exploring north of Shell. German companies have dropped out.

But Shell has been making the running and signed a joint venture with the Botswana Government in mid-1982. The two parties thereby have two years to complete feasibility studies and then 12 months to decide whether or not to go ahead with a project which is variously estimated to promise 5-10m tons of exports a year.

Publicity

The project has been attracting publicity because it has provoked speculation that it will justify the building of the $1m Trans-Kalahari Railway which would deliver the coal to Africa's west coast, at Walvis Bay in Namibia. Last month the government commissioned a British consultant to carry out the feasibility study for this route.

The fact remains that the first phase of coal exports would definitely not justify so ambitious and expensive a new route. The first coal would have to be taken out via a spur to the South African Railways line at Ellisras, about 130 kms across the border. Various studies have been completed on this route, which could take 5-10m tons down to Richards Bay.

It is only at the stage beyond this — e.g. if the other companies were to go ahead with their own projects — that the Trans-Kalahari might make sense and the other advantages (e.g. developing the country's remote western regions) would become a major bonus. But all this is to look some way ahead—into the next decade, when the world coal price may have recovered (if it doesn't, Botswana's coal is a non-starter). This *duiker* is therefore a distant gleam in the python's eye.

In the meantime, the companies are pressing on with their pre-feasibility work and the government is keeping its fingers crossed because the "black diamonds" would bring not just export earnings but jobs (the Shell mines are thought to project 2,200 jobs).

The second, though less dramatic, meal for the python was hoped to be the soda-ash project which B. P. Minerals has been developing in the Makgadikgadi Pans at Sua, where there is a 100-year supply of brine awaiting exploitation. The snag is that the Southern African region can only justify one large soad-ash scheme and there is a competitive project inside South Africa (by a consortium of AECI, Anglo-Vaal and the IDC.

The South African Government is on the point of a decision which will show whether it is prepared to welcome the Botswana project under the terms of the Southern African Customs Union or whether it prefers, presumably for strategic reasons, a project inside its own borders.

The python's really miserable dose of indigestion has come from the B.C.L. nickel-cobalt project at Selebi-Phikwe. B.C.L. is controlled 15-85 by the Botswana Government and Botswana R.S.T. (Botrest), which in turn has 30 per cent of its shares held by both Anglo American Corporation and Amax.

The mines and smelter have had an extremely difficult history since 1973, requiring a couple of financial restructurings. The news this year is said to be better: it is even claimed that the operation has been making a working profit and recent exploration news of reserves is encouraging. There will have to be a further financial arrangement at the end of this year, but the structures are in place and there is unlikely to be any problem.

Everything continues to depend on the world metal prices. It may be assumed that the government (with the support of Anglo American, i.e. De Beers) remains keen to avert the closedown that at one stage seemed necessary, with the loss of 5,000 jobs.

Dream

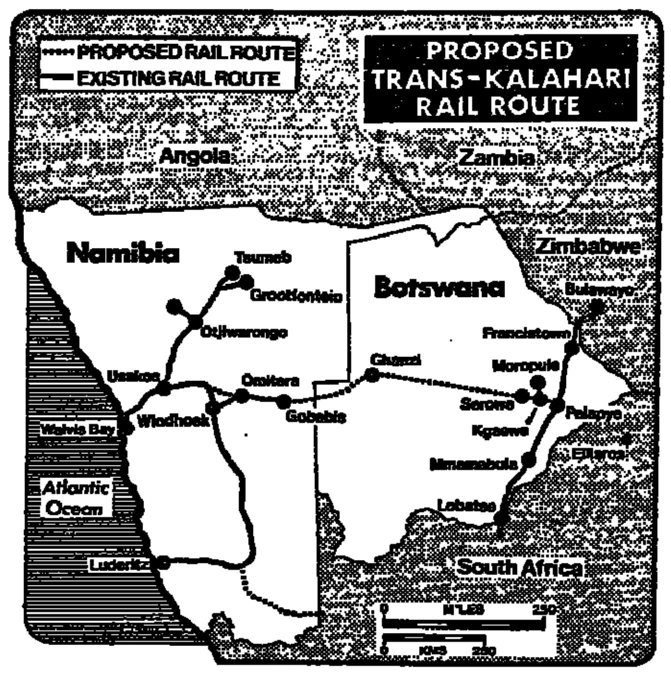
Botswana's dream is that, beneath the sands of the Kalahari, everything will be discovered. The technical difficulties of prospecting are of course formidable, as the diamond men can testify. But even more than diamonds, there is the hope of oil.

That is still only a dream. It was thought that two promising sedimentary basins had been identified by the 1978 aeromagnetic surveys but Esso, which had been active, withdrew amid rumours that there might be gas but no oil. The collapse of the world oil price coincided and people realised that the remote Kalahari must be the world's most difficult on-shore terrain to exploit.

It was another reprieve for the python and the Gaborone planners are taking a cautious view while the government looks for international funding for a seismic survey of the Kalahari.

But the planners remain optimistic. In the words of the Mid-Term Review of the Development Plan: 'Botswana is a mineral-rich country, with a clear comparative advantage in mineral production. There are indications that throughout the rest of this century Botswana will probably find the new mineral sector projects required to boost the economy to successively higher plateaux. . . ." That means more food for the python.

J.D.F.J.



Success in diamonds

DIAMONDS HAVE been Botswana's salvation. The country used to be just a large expanse of Kalahari sand. This year it will produce 10m carats, which puts it in the world's top three diamond producers—probably exceeding even South Africa-proper.

The first diamond pipe was discovered at Orapa in 1967 by De Beers, which thereafter set up Debswana, jointly owned by De Beers and the Botswana Government. Botswana has been De Beers' favourite country ever since. Another pipe soon followed—nearby Letihakane, much smaller but the gem content turned out to be much higher.

The third stage was Jwaneng, south of the others and out under the Kalahari sands. It was opened in mid-1982 and the results are already ahead of forecasts, as Mr Louis Nchindo, resident director of Debswana, happily confirms. Thus the remarkable and surprising achievement of 10m carats in 1983, expected to rise to 12m over the next three years.

This need not be the end of the story—though in the present state of the world diamond market one suspects that De Beers would not be over-delighted to discover more diamonds in Botswana. Exploration continues, both in the Central Kalahari and in the Eastern salient.

Falconbridge, which has been active in Kalahari exploration, has come to an agreement whereby De Beers has taken over responsibility for the cost of the exploration programme. Officials in Gaborone say that Falconbridge has done very well in that about 50 kimberlite pipes have been located, though of course no one can tell yet whether any of them will be commercially exploitable. Mr Nchindo talks of "one very small diamond prospect in the Kalahari."


Sorting diamonds before laying them out for one of the five-weekly sales

Harmonious

There is no evidence that the relationship between Botswana and the South African-based De Beers is anything other than harmonious, and no doubt De Beers is anxious to keep it that way. The detail of the government's arrangement with the company and with the Central Selling Organisation (CSO) is private, but it is known that the Botswana Government in total receives over 70 per cent of the profits. The agreement with the CSO is due for renegotiation at the end of 1985.

At Gaborone's new skyscraper — courtesy of De Beers — the Botswana Diamond Valuing Company (wholly owned by Debswana) sorts and grades the country's production. Of the 150 sorters, 100 are Batswana.

The snag—which is responsible for Botswana's one great statistical secret—has been the recession in the world diamond market. Botswana has been one of the producer-countries required by the CSO to submit to a quota restriction on sales. Therefore the country has been building up its own (large) stockpile, whose worth, it is fair to agree, cannot be realistically "valued" since the stones, unsellable for the present, can be assessed only on the cost of their production. It would not make sense, both government and corporate sources agree, to cut back on production in response to a temporary weakness in demand.

"We have huge stocks here in Gaborone and the stocks have been increasing," says Mr Charles Tibone, Permanent Secretary in the Mineral Resources Ministry.

"We hope—sometime in the future—to sell more than producing—which would be a bonus!" added a senior official in the Finance Ministry.

Everyone is aware of the utterly-transforming impact of the diamond finds on the national economy. But in the simplest terms, diamonds will account in 1983 for two-thirds of total exports. At the same time, everyone is aware of the dangers.

Says the Mid-Term Review of the Development Plan: "In the future, Botswana's diamond exports will pick up with the diamond market during upturns and fall with the market in downturns. Swings in government diamond revenue of P100m from one year to the next are quite possible, with swings in foreign exchange earnings that are even greater . . . Government must continue to have a budgetary and foreign exchange reserve strategy that will enable it to insulate the population as much as possible from the effects of these cycles by maintaining a steady growth path. . . ."

J.D.F.J.

Wide portfolio for state-owned BDC

OUTSIDE the mining giants, a single institution, the Botswana Development Corporation, dominates the country's commercial and industrial scene. From his modest office at the corporation's headquarters, Mr Klaas Kuiper oversees a range of investment involving more than 30 subsidiary companies spanning agriculture, brewing, furniture, insurance, hotels, Air Botswana, property and industrial estates.

In addition BDC is a minority shareholder and financier of more than 40 companies. It is a portfolio worth some P25m, with turnover in 1982 of nearly P50m, before-tax profit exceeding P5m, and a target of annual investment in the years to come of P15m.

As a state-owned public company (the government holds 100 per cent of the voting shares), the BDC is the government's major arm for direct participation in industrial and commercial development in a country dominated by minerals and cattle, with little in between.

"There are very few local businessmen with access to capital," says Mr Kuiper, an expatriate from Holland who took over as general manager in 1980. "BDC began by establishing itself in the 1970s in profitable areas which carried little risk. The strategy has started to change."

"We are now looking at projects in three categories. First, those in the national interest which we want to localise, such as tourism. The second area is agriculture—irrigation in particular—which is breaking new ground for us. Finally, projects which are not attractive to private investors because of the low rate of return—small-scale enterprises, for example, or with a high risk, textiles, say, where the market can be unpredictable."

The change in the character of the institution is in part BDC's own initiative, in part a response to criticism of its role during the first decade. After its inception in 1970, the corporation won a reputation for playing safe: buying into the property sector in particular and doing little as a development agency.

When Mr Kuiper took over in 1980, between 60 and 70 per cent of the BDC portfolio was in property. This share has since fallen to 20 per cent as its holdings diversified, while at the same time the management structure has been reorganised.

Divisions

Project promotion and appraisal is now separate from the operations side, which in turn has been broken down into divisions — hotels, transport, small-scale enterprises and so on, with a staff of 50 in which 11 of the senior management posts are held by expatriates.

At the same time its role is changing at two very different ends of the market. BDC will initiate what will in effect be the start of a fledgling stock exchange when early next year it launches an investment trust.

It will consist of shares from about a dozen of BDC's most successful companies which will be available to citizens and pension funds.

Meanwhile, the Corporation will be assisting would-be entrepreneurs, existing small- to medium-scale businesses, and agricultural smallholders. In the case of the first of these categories, says Mr Kuiper, "BDC can assist a local businessman by helping him buy out the foreign owner, but with an agreement that the local shareholders can buy out our interest over a period of time."

BDC will also provide a greater range of services to small businesses. "We are prepared to back the small operator in the form of loans and equity. What we can also do is act as a bulk purchaser for raw materials and supplies, and possibly help in marketing —such as assessing export potential."

The Corporation also hopes to provide accounting and mangement advice to businesses which secure a BDC loan. The potential client get a free initial survey, and if he takes up the financial package then offered, will pay for the cost of the managements services, according to what he can afford.

The third "developmental" area soon to get under way is an agricultural programme in which the corporation will buy suitable farm land, provide the infrastructure, and sell off or lease viable sub-divisions to individual farmers. They will operate around a nucleus farm responsible for inputs, extension advice and marketing.

"It's a new concept in Botswana which is particularly valuable in a country where agriculture is so important," says Mr Kuiper. "We believe that a three hectare irrigated plot could bring a return of some P9,000 a year. The key question at the moment is whether we can find 50 suitable families needed for the first pilot project, because small-scale irrigated settlement schemes haven't been tried before."

All the new ventures, in fact, carry a considerable degree of risk apart from the traditional problems associated with small and new businesses. Despite a range of investment incentives available under the Financial Assistance Policy launched last year, would-be investors face a series of problems which have constrained industrial and manufacturing development in Botswana.

Utilities are expensive, housing costs high, the domestic market small, with few locally-produced raw materials to process. But above all Botswana is overshadowed by neighbouring South Africa, a fellow member of a customs union which allows free movement of goods.

Nevertheless, such is the need to increase job opportunities in a country where unemployment is an increasingly serious problem that Government is determined that BDC pursues its changing role.

To meet anticipated demands, the corporation is embarking on a major expansion. Its authorised share capital will go up from P5m to P20m in 1984, with the three overseas shareholders (the International Finance Corporation, and the Dutch and German development agencies) expected to contribute P3.2m which will be matched by Government.

Negotiations are currently under way with the Commonwealth Development Corporation for a further P0.5m. Two other overseas sources of funds are the European Investment Bank, with whom a US$3.8m deal was signed in September, and the IBRD, with whom a $6.2m loan is currently under negotiation.

M.H.

Determination needed to boost agriculture

THE WARNING from Mr Peter Mmusi, Vice-President and Minister of Finance and Development Planning, was couched in language almost unheard of in placid and easy-going Botswana.

"Government leaders must increasingly be aware that unless they take immediate steps to develop their rural areas through widespread involvement of their rural poor, they will likely face unrest, violence and even revolution."

The minister was in part addressing his remarks to critics of the Government's determination to channel resources into the rural sector, despite discouraging results so far. Those critics argue that the money might be better spent on urban development and job subsidies, accepting that, given the generally poor land and uncertain weather, the drift from the land to the towns cannot be halted.

Although the critics are a small minority, they prompted Mr Mmusi's reaffirmation of government policy. Speaking earlier this year at an agricultural show he declared: "For the foreseeable future, the large majority of the people will continue to depend on the land and their livestock for their incomes . . . these areas have not been given adequate attention for a long time."

There is, however, no easy answer. Government's major effort to raise living standards in the countryside and thus keep people on the land has been the Arable Lands Development Programme (ALDEP) directed at the 70,000-75,000 small farms on holdings of under 10 hectares.

The key component of the ALDEP programme is a subsidised package including machinery, seeds, fencing as well as extension advice. On this programme rested government hopes that over the period of the 1979-85 Fifth Development Plan non-cattle agriculture could grow at a rate of 5 per cent a year in real terms.

Looking back on progress to date, the Mid-Term Review of the Plan comes to some gloomy conclusions. Agricultural GDP in constant 1979-80 producer prices has shown a decline from P98.7m in 1973-74 to P87.9m in 1980-81—in spite of the fact, the review points out, that the 1980-81 season was marked by relatively good rains. "Up to 1980-81," says the Review, "Government's best efforts to increase agricultural productivity were unable to overcome the massive problems facing the sector."

The problems are daunting. Vulnerability to drought is probably the greatest single difficulty, but close behind is government's inability—mainly because of a shortage of skilled manpower—to implement fully rural development schemes. Thus, for the first three years of the Plan some P14m was set aside for government investment in non-cattle agriculture, but actual spending turned out to be under 50 per cent.

Fortunately, the first two years of the Plan saw good rains and food grain output increased fivefold in 1979-80 and rose a further 21 per cent in 1980-81.

Then came the first of two drought years, which makes assessment of the ALDEP package, introduced at that time, almost impossible. As the Review points out, "the difference between a drought year and a year of good rainfall can be 400 per cent."

In terms of production, the effect has been catastrophic. In an outstanding year such as 1975-6, Botswana production of the two main cereals, maize and sorghum, was 118,000 tons — but still well below national consumption of some 150,000 tons of cereals. In the first year of drought it slumped to 12,000 tons and this past season fell to under 10,000 tons.

Predicament

In terms of individual farms, the predicament of a smallholder is highlighted in a recent ALDEP survey. Looking at a sample of 1,355 ALDEP farms, less than 85 per cent planted *any* crop during the 1981-82 season, and only 57 per cent of these harvested any crops. One third of the farms depended on outside employment as their only source of income, and only 16 per cent of the survey farms received any income from crop sales.

The consequence is that despite the high level of subsidy in the ALDEP package, most farmers are unable to meet repayment terms. In an effort to ease the problem, the subsidy element has been raised to 85 per cent on all packages, but even so, many farmers will have difficulty finding the 15 per cent down payment.

Government has stepped in with a Drought Relief Programme which includes the provision of rations to 200,000 people, labour projects which offer short-term jobs for 15,000, and 20 kg of free seed to all farming households which has been distributed in time for the 1983-84 rains.

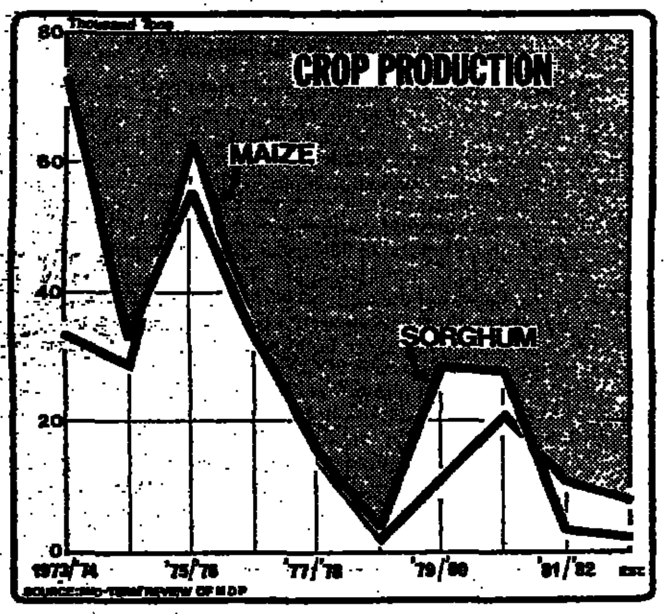
Farmers will also be eligible for a grant of up to P40 per hectare (to a maximum of three hectares) for de-stumping and draught power for ploughing, in the hope that, should the rains come this year, hectarage will be increased.

Looking ahead to strategy under the Sixth Development Plan, government is expected to adopt a two-pronged approach: a continuing effort to make ALDEP succeed, and at the same time encouragement of commercial farms, which will be able to draw on resources from the Financial Assistance Policy and agriculture loans from the National Development Bank and the Botswana Development Corporation.

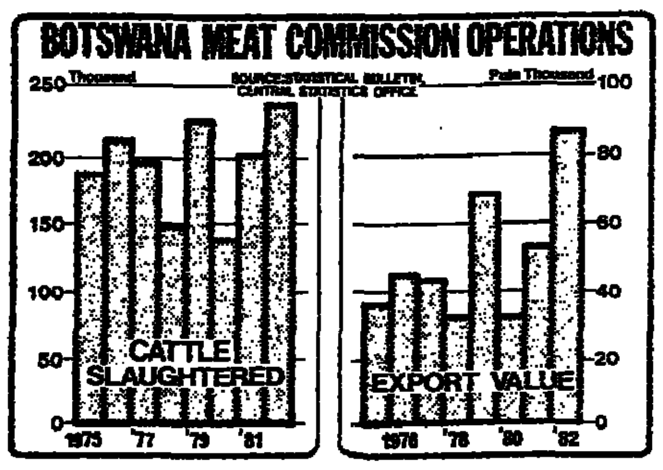
Government officials believe that the two areas offering the greatest potential for commercial farms, drawing on irrigation schemes, are Chobe in the far north and the Tuli Block to the east. The latter already has established farmers, but Chobe will need substantial infrastructural investment. It has the advantage, however, of a 30-inch average annual rainfall.

"We need to strike a balance," says one senior official. "We must keep small farms in production through ALDEP, but at the same time we must provide enough resources for greater commercial development. The critical factor is keeping people on the land—there simply are not enough jobs in the towns."

M.H.



Vultures feeding off dead cattle—evidence of the drought affecting Botswana.



Beef export earnings the highest ever

THE DROUGHT has been a major element for the cattle industry in the record year of 1982. Cattle owners have been forced to sell more beasts to the state-owned Botswana Meat Corporation (BMC) than they would have done in a normal year. The result was that export earnings of beef reached P87m, the highest ever, with 2.37m cattle slaughtered.

These figures are also a tribute to Botswana's extraordinary success in combating foot-and-mouth disease, which for a while restricted the lucrative European Economic Community market. Today not only has the country's herd been free of the disease since September 1980, but the Botswana Vaccine Institute produced 15m doses of foot-and-mouth disease vaccine in its first full year of operation in 1982, of which 5m doses were exported.

One major benefit is the access to the EEC. The quota negotiated under Lome II was nearly 19,000 tons: last year exports reached nearly 12,000 tons, and this year could rise to 17,000.

Doubts

Meanwhile the expansion of facilities continues, with the new abattoir at Maun beginning limited operations in March this year. The target is a throughput of some 15,000 cattle in the course of the first 12 months.

But plans for a third abattoir in Francistown are proving contentious. There are doubts about its financial viability, but government is coming under much pressure from politicians and cattle owners (in Botswana this is usually the same thing) in the area, who make much of the fact that Francistown could be a winnable constituency for the Opposition—and elections are barely a year away.

Nevertheless, on the face of things, the BMC can be pleased with itself, running at Lobatse one of the most modern and strictly-regulated abattoirs in Africa. But the Commission is not without its critics.

A disquieting case is marshalled against the BMC in the report of the Presidential Commission on Economic Opportunities, published in May 1982. The main argument is that the BMC's operating costs are unnecessarily high, with the producer bearing the brunt in the form of lower prices for his cattle.

A report from an outside consultant, cited by the Commission, calculates that the share of total revenue returned to the producer declined from an average of 66 per cent in 1970-71 to 55 per cent in 1979-1980. A comparison of BMC costs and payments shows, says the Commission, that "costs have increased disproportionately." Comparing 1981 with the average of years 1968 to 1971, it continues, net sales value per beast increased by 267 per cent, producer pyaments per beast rose 212 per cent, but BMC processing and administration costs per beast increased by 480 per cent.

It was an opening salvo returned vigorously by the BMC, which maintained that the consultants had not done their sums properly—in a campaign which has not ended but is largely conducted behind closed doors.

The Commission's recommendation that the BMC operations be investigated was flatly turned down by the government. Today government officials maintain that BMC's finances had already come under scrutiny in a consultancy report due to be released later this year. Critics of the BMC for their part point out that the report concentrates on the viability of the Francistown abattoir.

Apart from this, the cattle sector as a whole is not without its problems.

There is growing evidence that the land is overgrazed. Some of the benefits from the industry—the country's largest foreign exchange earner after minerals, and the major source of employment—"have been bought," says the Commission, "at the expense of partially destroying the invaluable asset—grazing land—on which the industry is based."

In theory, the Tribal Grazing Land Policy should conserve rangeland. Under the programme, land is divided into three categories — commercial, communal and reserve land set aside for future use by the poorest group of cattle owners. But in a drought, survival takes precedence over rules and regulations, and the cattle and their owners have been driven by desperate need to whatever grazing is available.

M.H.

Improving climate for investors

"UNLESS we do something positive to diversify the economy," warns the introduction to the Government White Paper on the Financial Assistance Policy (FAP), "we will end up with an unbalanced economy and a lack of employment opportunities."

The scheme, introduced in May last year, represents the single most important government measure to find jobs for the 12,000-13,000 school leavers who come on the market each year, by providing attractive incentives for foreign investors as well as encouraging small and medium-scale local businessmen.

It is the product of some two years of debate within the Economic Committee of Cabinet, anxious to avoid direct subsidies to industry but at the same time aware that given the high costs of setting up in Botswana, and powerful competition from South Africa and its "Homelands," something had to be done to improve the investment climate.

The scheme is based on the provision of direct government grants to new or expanding enterprises (excluding large-scale mining and the cattle sector) in three categories:

- Small scale — defined as an investment of under P10,000;
- Medium scale — between P10,000 and P750,000;
- Large scale projects of over P750,000.

The total allocated to the scheme in the first year of operations, 1982-83, was P5m, and a further P10m was set aside for the 1983-84 budget year.

Each group is subject to different criteria, but the Government is determined to make the procedures as straightforward as possible. "We want it to be free of red tape," says one official. "Investors should not have to wait months before we give them a decision."

The first category is open to citizens of Botswana only and is weighted to favour rural areas and women. Thus allowances range from a grant of up to 40 per cent of the cost of starting up a business in the urban areas, to 80-90 per cent for a woman operating in rural western Botswana.

The main consideration is that the project should have a reasonable expectation of financial viability within five years. The sort of ventures officials have in mind include village tanneries, brickmaking, bee-keeping, carpentry and other small-scale businesses especially suited to the countryside and small towns. To bring the grant opportunity within easy reach of applications, the paperwork is handled by rural industrial officers in the districts, and town planning officials in the urban areas.

At the medium and large-scale level, the scheme is open to citizens and foreign investors alike, and is handled by the Ministry of Commerce and Industry, except for small-scale mining proposals and agricultural projects, which are processed by the Ministries of Mineral Resources and Agriculture respectively.

Two types of grant are available: automatic financial assistance for new investments in the manufacturing sector and a grant awarded subject to case-by-case study. For the former, provided a proposal does not adversely affect existing industries, a wide range of incentives become available automatically. It begins with a five-year tax holiday at a rate of 100 per cent in the first two years (three years in rural areas), falling to 75 per cent, 50 per cent and 25 per cent in succeeding years.

Training

The second element is a grant towards the cost of employment of unskilled labour (defined as those earning under P7.20 a day), beginning at 80 per cent of the cost for the first two years, dropping to 20 per cent in the fifth year. Finally, a training grant is available which covers half the cost of off-the-job courses.

The case-by-case provision—in which the main criterion is an expected real rate of return to Botswana from the new or expanding business of at least 6 per cent a year—includes the unskilled and training grants, but has two further components: capital grants of P1,000 per job in the non-agricultural sector, P500 in agriculture, according to a percentage of fixed capital investment.

The fourth provision is a sales augmentation grant, ranging from 2 per cent to 8 per cent of the value of sales (domestic and export), depending on the level of local value added.

It is too soon to assess the impact of the policy, and a full evaluation of progress will not take place until early next year. But in the meantime officials are cautiously satisfied with the results to date. In the small-scale category, some 900 jobs have been created, while about 1,800-1,900 places will have been provided when the current case-by-case projects reach implementation.

The figures in themselves may seem small, but when put against total formal sector wage employment of barely 100,000 they are not insignificant. Whether they represent new jobs is another matter for, as officials point out, some of the enterprises may have got under way without the FAP incentives, and some of them may well not succeed.

So far the ventures cover a wide range of activities: school uniforms, steel furniture, sorghum mills, textiles, bakery, dress making and parquet floors, in the manufacturing and light industrial sector, and poultry, pig, fruit and irrigation in the agricultural sector.

M.H.

BIDS AND DEALS

December 1 is decision day for BAT shareholders

THE extraordinary general meeting at which BAT Industries will be seeking the approval of shareholders for its bid for Eagle Star Holdings is to be held on Thursday, December 1, 1983.

In a letter to shareholders announcing the meeting, Mr Patrick Sheehy, BAT's chairman, explains that the offer for Eagle Star made on Monday, November 14 brought to a climax two years of careful planning for the strategic development of the group.

He explained that these investigations had revealed that financial services were the most promising sector in which to develop, meeting the group's criteria for expansion.

Mr Sheehy saw Eagle Star as a company with an expanding insurance business and associated financial services, with immense potential for future growth and profitability.

BAT is offering 575p a share for Eagle Star in a bid valued at £796m. Eagle Star has forecast pre-tax profits up by a third in 1983 to £90m. The net asset value of Eagle Star's shares is put at not less than 800p a share.

Costain £1.5m rescue bid is key to Streeters survival

BY DAVID DODWELL

Costain, construction and development group, yesterday revealed an agreed £1.48m bid for Streeters of Godalming, public works and civil engineering contractor which has been blighted by litigation over debts in Saudi Arabia.

The cash offer, of 20p for every Streeters' share, is far below the 38.5p price at which dealings in Streeters' shares were suspended late in October. It amounts to a company rescue since Streeters' bankers have refused to increase overdraft facilities until a dispute over £1.4m of Saudi debts is settled.

Costain has held a 22.5 per cent stake in Streeters through its subsidiary Bestlink since 1979, and has tendered jointly on some overseas contracts. It is understood Costain was keen to capitalise on Streeters' skills particularly in the areas of tunnelling and drainage.

Streeters set up an associate in Saudi Arabia in 1975, but disposed of its 40 per cent holding three years later. During that time, Streeters Saudi Arabia had borrowed £833,000 from the National Westminster bank to cover debts to its UK parent. This debt has never been repaid, nor has interest been paid since 1980. The UK parent stood as guarantor for the loan.

Until only two months ago, Streeters of Godalming had remained confident that arbitration would ensure repayment of the loan. Since then, however, legal proceedings have had to be initiated, and no date for a first hearing has been set.

Mr Nicholas Streeter, chairman and managing director of Streeters, said yesterday that his board had approached Costain "as the company being able to provide the only solution to the problem."

He revealed that apart from its problems in Saudi Arabia, Streeters had faced difficulties in its UK business. He said that trading margins on existing contracts "have at best been small," and said the board could give no assurances about the company's full-year performance.

In recommending the offer to shareholders, the Streeters board said acceptance "represents the only way of ensuring that the company continues to trade."

At the interim stage, to June 30 1983, Streeters earned a pre-tax profit of £16,000, compared with £167,000 in the first half of 1982. Turnover during the same period fell to £4.6m from £4.96m. It has not paid a dividend since 1977.

Liabilities that have proven crippling to Streeters are likely to be inconsequential to Costain. Just two months ago it revealed pre-tax profits for the six months to June 30 1983 of £16.25m, up from £14.15m in the same period of 1982, if exceptional items are excluded. Turnover for the six months remained steady at about £314m.

The price of penance for Chemical Methods

BY DAVID DODWELL

Chemical Methods Associates, the U.S. dishwasher maker which a month ago made a unique act of penance by offering shareholders their money back after failing to meet profits forecasts made during its USM launch in May, yesterday revealed that shareholders accounting for just 8.8 per cent of the company's shares took up the money-back offer.

Repayment, which will be staggered over three years, will cost the company £667,000 immediately, and an aggregate of £1.28m.

Shareholders agreeing to remain loyal to the company have been promised dividends which amount to a return of 10 per cent on their investment this year and next.

In addition, they will receive one new share for every four held—at the expense of founder shareholders headed by Mr Garth Bischoff, the company's chairman. The founder shareholders include Chemical Methods' directors and others linked with promoting the company in the UK. Between them, they own about 70 per cent of Chemical Methods' shares.

The share transfer, which amounts to almost 660,000 shares —7.5 per cent of the founder shareholders' original total—will take place on November 24, as will the cash repayment.

Aitken Hume, Chemical Methods' financial adviser in the UK, said yesterday that when the offer was made, shareholders accounting for almost 87 per cent of the company's shares had undertaken not to take cash. Thus, one third of the 13 per cent of uncommitted shareholders chose to retain their stake.

Aitken Hume had offered on behalf of Chemical Methods to redeem up to 1,177,342 shares. If calls for money back exceeded this total, then Aitken Hume had planned to redeem only a percentage of the shares submitted. In the event, shareholders accounting for just 1,112,090 shares asked for cash —so their calls were met in full.

The company decided to take this unprecedented money-back offer when it became clear that profits for the year were likely to fall far below the $4m (£2.7m) forecast at the time of the company's USM launch. Figures for the first six months of 1983, revealed in October, showed a pre-tax profit of just $139,700 (£93,000).

The company blamed the profits shortfall on installation problems for a new machine—the Moving Mizer. It said that all of these problems had now been resolved.

The gesture aimed at restoring shareholder confidence has been an expensive one. Apart from the cash redemption, the copper-bottoming of shareholders' dividends involves substantial costs.

In addition, founder shareholders agreed to pass over the rights to dividends for 1983 and 1984.

Chemical Methods' shares remained unchanged by the news at 70p.

Minet's new company

Minet Holdings has formed Minet International Professional Indemnity, which will commence operations on January 1 next and will specialise in the provision of insurance services to the professions on a worldwide basis.

For many years this class of business has been a main Minet business sector, but all this expertise will now be concentrated into a new profit centre. This will assume responsibility for the wholly-owned professional indemnity divisions, which have been operating within other Minet profit centres.

Surprise raid on West's Group

BY CHARLES BATCHELOR

RONALD SHUCK'S Espley-Tyas Property Group yesterday launched a "mid-morning raid" on West's Group International, the civil and mechanical engineer in an apparent first step towards a full bid.

Stockbrokers Raphael Zorn bought 1.17m shares or 14.9 per cent of the West equity at 100p per share in a 15-minute operation which began at 10.40 am. The shares had previously been trading at 91p.

Mr Shuck said: "We don't have any civil engineering activity within the group. They have West Piling. There is obviously compatibility with our construction side."

Mr Shuck declined to comment on any further moves he might make, but he is restrained by the City Take-over Code from buying any more shares for a week. No meeting has yet been held with the West board, but Mr Shuck hopes for early discussions.

The share raid caught West with many of its directors travelling, and the board was not able to meet yesterday. The West board was unaware of the identity of the buyer until early yesterday afternoon.

West made a profit, before tax and extraordinary items, of £492,000 in turnover of £57.2m in the year ended March 27 1983 compared with profits of £1.54m on turnover of £57.6m the year before.

Espley-Tyas increased pre-tax profits to £1.3m in the six months ended March 31 1983 on turnover of £28.8m. This compared with profits of £1.2m on turnover of £23.2m in the comparable period.

West's shares rose 17p yesterday to a new high for the year of 108p to value the entire company at £8.47m. Espley-Tyas was unchanged at 79p.

Five Oaks buys

Shareholders in Five Oaks Investments will be asked to approve the acquisition of Hilton House, Lord Street, Stockport, from Consult Property Development Company.

Consideration will be £407,500 to be satisfied by the issue of 1.63m Five Oaks shares taken at 25p. It is understood that the vendor may retain the shares as an investment but will take no active management role in the company.

The property is a 31,150 sq. ft. office building, held on leases from the Metropolitan Borough of Stockport

Stenhouse merger terms

Terms being offered to members of Stenhouse Holdings to effect the merger with Reed Stenhouse are: one class "C" share in Reed Stenhouse, plus one new dividend share of 1p in Stenhouse Holdings and 20p cash for every five ordinary shares in Stenhouse Holdings.

Holders of class "C" shares in Reed Stenhouse, with their attendant new dividend shares, will be able, at any time and at no cost to themselves, to exchange their shares for class "A" shares in Reed Stenhouse without obligation. The "A" shares are those presently publicly held and listed on the Toronto, Montreal and Vancouver stock exchanges.

The creation of the new dividend shares has been formulated to retain the benefit, for UK taxpayers, of a full tax credit attaching to dividends paid to accepting Stenhouse Holdings shareholders and to avoid Canadian withholding tax. It is considered that this structure will be attractive to UK based shareholders.

Subject to the approval of the shareholders of Stenhouse Holdings, a capital reorganisation will be implemented to reduce the costs of the merger and authorise and issue the new dividend shares.

SHARE STAKES

Lamont Holdings—The Scottish Investment Company has acquired 150,000 ordinary shares.

John Williams Group.—Wyndham Engineering has purchased an additional 25,000 ordinary shares. Together with the previously notified 400,000 shares owned by its subsidiaries Wyndham Financial Services, this brings its holding to 6.13 per cent.

Bespak.—Mr M. A. Schumann, a director, has disposed of 50,000 ordinary shares at £3.03.

H. Samuel.—Mr A. S. Edgar has acquired 87,015 ordinary shares at £1.51 each, thereby increasing his holding to 2,622,119 shares (38.27 per cent).

Cambrian and General Securities—London Trust has sold 60,000 capital shares and is now interested in 5,716,773 ordinary (17.53 per cent) and 740,000 capital shares (6.29 per cent). Combined, these holdings represent 14.55 per cent of the voting rights.

J. Hepworth and Son—The Government of Kuwait now holds an interest in 2,009,500 ordinary shares.

New Tokyo Investment Trust —Lloyds Bank Pension Scheme now holds 510,000 ordinary shares in the company (5.08 per cent). This arises from an amalgamation of two benefits schemes into one pension fund.

Waitan Investment Company—Mr J. R. Henderson, director, ceased to be interested in 26,610 ordinary shares and has disposed of 2,500 non-beneficial ordinary shares. Lord Faringdon, director, disposed of 12,000 ordinary held non-beneficially. He is now interested in 318,609 ordinary and 2,411,504 ordinary in capacity as a trustee.

Paramble—The company has purchased 25,000 of its own ordinary shares for cancellation at 28p per share. This leaves 4,475,000 shares remaining in issue.

Arthur Guinness and Sons — Lord Iveagh, director, disposed of 50,000 stock units reducing his holding to 3,908,831 units (2.2151 per cent).

Francis Industries—Suter has increased its holding of ordinary shares from 1.895m to 2.05m (18.44 per cent).

Royal Worcester—L. Messel and Co, brokers to Crystalate, have bought 25,000 ordinary shares at 323p increasing its holding to 650,000 ordinary (9.6 per cent).

BASE LENDING RATES

A.B.N. Bank	9 %	Heritable & Gen. Trust	9 %
Allied Irish Bank	9 %	■ Hill Samuel §	9 %
Amro Bank	9 %	C. Hoare & Co. †	9 %
Henry Ansbacher	9 %	Hongkong & Shanghai	9 %
Arbuthnot Latham	9 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	9 %	Knowsley & Co. Ltd.	9½%
Associates Cap. Corp.	9½%	Lloyds Bank	9 %
Banco de Bilbao	9 %	Mallinhall Limited	9 %
Bank Hapoalim BM	9 %	Edward Manson & Co.	10 %
BCCI	9 %	Meghraj and Sons Ltd.	9 %
Bank of Ireland	9 %	Midland Bank	9 %
Bank Leumi (UK) plc	9 %	■ Morgan Grenfell	9 %
Bank of Cyprus	9 %	National Bk. of Kuwait	9 %
Bank of Scotland Ω	9 %	National Girobank	9 %
Banque Belge Ltd.	9 %	National Westminster	9 %
Banque du Rhone	10 %	Norwich Gen. Tst.	9 %
Barclays Bank	9 %	R. Raphael & Sons	9 %
Beneficial Trust Ltd.	10 %	P. S. Refson & Co.	9 %
Bremar Holdings Ltd.	9 %	Roxburghe Guarantee	9½%
Brit. Bank of Mid. East	9 %	Royal Trust Co. Canada	9 %
■ Brown Shipley	9½%	Standard Chartered ‖	9 %
CL Bank Nederland	9 %	Trade Dev. Bank	9 %
Canada Perm't Trust	10 %	TCB	9 %
Castle Court Trust Ltd.	9½%	Trustee Savings Bank	9 %
Cayzer Ltd.	9 %	United Bank of Kuwait	9 %
Cedar Holdings	9 %	United Mizrahi Bank	9 %
■ Charterhouse Japhet	9 %	Volkskas Intnl. Ltd.	9 %
Choulartons	10½%	Westpac Banking Corp.	9 %
Citibank Savings ¶	10½%	Whiteaway Laidlaw	9½%
Clydesdale Bank	9 %	Williams & Glyn's	9 %
C. E. Coates	9½%	Wintrust Secs. Ltd.	9 %
Comm. Bk. of N. East	9 %	Yorkshire Bank	9 %
Consolidated Credits	9 %		
Co-operative Bank *	9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 5.75%. Short-term £8,000/12 months 8.1%
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—8.80%. Effective annual rate—9.16%.

Winding up for 145 companies.

Compulsory winding up orders against 145 companies were made by Mr Justice Nourse in the High Court. They were—

Civic Plant, Suaveglen, Wallerton, R. K. Drury and Co. (Shipbrokers).

Ambitbilt, Argonaut Trading (Plumber and Builders' Merchants), P.M.A. Video, Wirral Computer Centre, Sterne Street Storage.

Chatglade, Howard Davies Transport, Tavermar Catering Company, Grandad, The Central Garage (Southborough).

Cabo Creus Designs, Cardine Motors, Pleatport, Huwstone Conversions Company.

M and D (Builders-Decorators), Nynwood Arts, Raymills (London), Glow Building Contractors, Harwich and Dovercourt Steam Laundry Company.

Heanor Electro Plating Company, Billingham Knitwear (Manufacturers), Thurlstone Engineering Company, Westside Events, Grosvenor Commodity Investments.

City and Continental Property Group, Craigie's School of Motoring, Clegmay, Dunechoice, Hyman and Malcolm Embroiderers.

Centenary Accounting Services, Clegplan, M. Mansell and Sons, Scott-Harley, Sudden Music.

W. A. Brown (Electrical Contractors), Eagle Private Hire, Font Graphics, Mandance, Tigermoth.

Television Typing Centre (London), Oldmere, Eagle Commissioning, Raymouth (Shipping), Aldrich and Aldrich Automobile Agency.

Valdene Records, Kinsville Engineers, Berrycombe, Suregest, Steriwood.

Maybug, Powys Plan, Quelldale, Smoothsound, Coronation Construction.

Dave Lynch and Sons (Building Contractors), Agricultural and Industrial Services (Yorkshire), Avon and Maythorne Engineering, Camco Machinery, Hammer and Tongs.

Latball, Brentwood Aviation, Halling Service Station, Hulldale, Kensington Cameras.

Super Screen Video, J. Dixon and Son (Garages), W. A. Birch and Son (Horton Heath), B.C.G. Cars, John H. Earl.

Swanmore Chester, Circus International, Fordham Kitchens, J. M. Shakespeare (Plumbing and Heating), R.E.M. Steels.

Notecalm (Midlands), D.F.S. Furniture, I.C.S., Nironco.

Magic Garden Skin Care, West Country Hydrochemicals, Pasturepass, Kawartha Associates, Alice Flight (Gowns).

Flutedale, Hurshaws, La Romanina, Lurkglen, Westminster Palace Gardens, Meetinghouse Investments.

Graemore, Norman Day, Primary Investments, Aldercolour, Ace Engravers.

Change International, Enay International, Trent (300), Rytonbond, Meritnote.

Circle Designs, Compass Catering, Link Painting Contractors, Maidmass, Rangestar.

Michael Burley, Arratdeed, Metro Props (Studios), Wilmat Sales (North), Lanchapass.

Scopewain, Sixway Freight Service, Chancery Lane Films, Transformation, Blackheath Flooring Company.

Aclamon Contractors, Thomas Withers Security Equipment, D. H. Kinnear (Builders), E.T.W. (Meat Packers), Montpelier Designs.

Tropicana Foods, Doylelynn, Keymar Developments, Fullwool Carpets, Pink Cloud.

C.C. Vapourvac Company, Lithome, Tele-Wine, Staxmay, Jaland Properties.

Swiss Chalet (Uxbridge), K.C.L. East-West Company, Candabridge, Primary Chemicals, The Moss Gear Company (Accrington).

I.P.A. Inter-Port Agencies, Dexter and Co. (High Wycombe), Hill-Foster, The Suncoast Centre, Badgers Mount Stone and Building Supplies.

Local Farm Dairies, Hill and Co. (Welding).

FINANCIAL TIMES

Wednesday November 16 1983

European zinc producers lift prices, Page 42

WALL STREET

A daze of divergent sets of data

INVESTORS turned nervous on Wall Street yesterday after the latest statistics on U.S. industrial production disclosed slightly lower growth than the market had been expecting. The same news found a warmer reception in the bond market but was quickly followed by White House comments bewailing the below-target M1 money supply, which left operators somewhat nonplussed, *writes Terry Byland in New York.*

Earlier, the bond market had refused to make any further response to the favourable data on money supply released late in the previous session.

After early gains by leading stocks, the market turned down in the afternoon when there was some selling of IBM. The Dow Jones Industrial Average ended the session a net 6.10 off at 1247.97 on sluggish turnover of 78.1m shares. Stocks with gains totalled 696 against 892 on losses. Once again the feature of the day was the Nasdaq market, where stock gains were about twice the number of stock losses.

The continued moderation in money growth, with an unexpectedly large fall in M1, was taken as an indication that the Federal Reserve – with its Open Market Committee in session this week – would continue to leave credit policies unchanged.

The Fed, it was generally agreed, would focus on developments in the real economy, watching for any sign of overheating as the industrial and consumer recovery continues.

The lower than expected rise in industrial production last month, reflecting a decrease in motor vehicle output and only moderate growth in consumer and construction goods, checked an early advance in the stock market, but helped bonds steady after a dull start.

There was some selling of motor stocks after official statistics had confirmed the slowdown in output last month. General Motors slipped $1¼ to $78 and Ford at $63⅞ shaded down $⅝.

Caterpillar tractor weakened $⅞ to $42¾ on disappointment with the slowness of recovery in production of construction equipment.

Minnesota Mining (3M) fell $1¼ to $85⅛, with investors more interested in the general industrial outlook than in its plans to open a production facility in China.

Other weak spots included McDonnell Douglas, one point off at $59¾; Burlington Northern, $1⅝ off at $104½; and General Electric, $½ down at $55½.

With the date for trading in stocks of the newly-deregulated telephone groups set for November 21 A & T had an active session. The stock eased $⅝ to $62¼, to the accompaniment of widespread advice to clients by leading brokerage houses.

IBM lost ground – slipping three points to $124½ – after Prudential-Bache had cut its earnings forecast for IBM from $10.70 to $10.25 for 1984. Honeywell shed $1¼ to $130 and Digital Equipment at $69⅛ was two points off.

Retail stocks were unimpressed by a batch of third quarter trading statements. J. C. Penney lost $1⅜ to $62⅜ despite higher profits while trading statements from Carter Hawley Hale left its stock $1 down at $22⅛, Federated Department Stores $1⅝ off at $57½, and Dayton Hudson $⅝ weaker at $35⅞.

However, Jack Eckerd, the drug store group which disclosed a 15 per cent rise in sales, added $¾ to $28⅝.

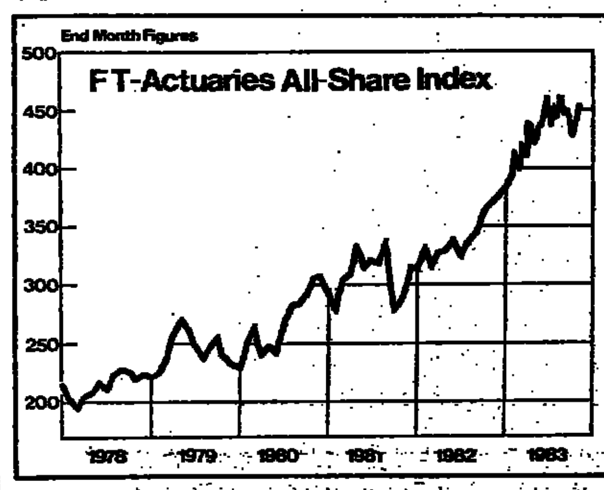
Credit markets opened nervously behind a higher federal funds rate of 9½ per cent, at which level the Fed came in with $1.5bn in customer repurchases. Prices were a shade below overnight levels after the White House comments on M1 had left the market unsure how to react.

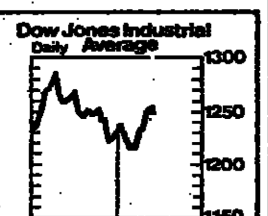
In tandem with this, however, the Fed extended its intervention by offering to buy all maturities of treasury coupon issues for delivery tomorrow, as an addition to reserves. Funds were still holding at 9½ by then.

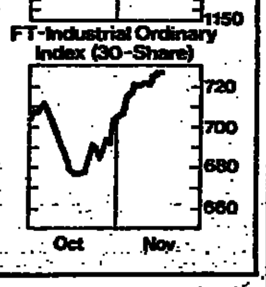
Three-month treasury bills were at a discount of 8.78 per cent and the six-month at 8.93 per cent, a couple of basis points higher in both cases.

The 2013 long bond at 102 5/32 was finally 25/32 up and yielding 11.73 per cent.

KEY MARKET MONITORS







STOCK MARKET INDICES

NEW YORK	Nov 15	Previous	Year ago
DJ Industrials	1247.97	1254.07	1021.43
DJ Transport	596.60	601.55	436.6
DJ Utilities	136.95	136.99	118.49
S&P Composite	165.36	166.57	137.03
LONDON			
FT Ind Ord	727.3	727.4	616.2
FT-A All-share	457.60	456.84	382.25
FT-A 500	492.68	492.91	426.83
FT-A Ind	450.01	448.96	401.68
FT Gold mines	524.3	513.7	370.5
FT Govt secs	83.37	83.54	83.08
TOKYO			
Nikkei-Dow	9379.29	9348.52	7762.23
Tokyo SE	687.92	686.07	566.94
AUSTRALIA			
All Ord.	708.1	710.8	506.7
Metals & Mins.	514.6	519.2	416.9
AUSTRIA			
Credit Aktien	54.2	54.11	47.53
BELGIUM			
Belgian SE	127.37	127.37	96.72
CANADA			
Toronto Composite	245.97	2476.19	1632.5
Montreal Industrials	432.66	435.79	321.02
Combined	417.36	419.94	309.78
DENMARK			
Copenhagen SE	191.84	190.17	89.77
FRANCE			
CAC Gen	143.3	142.8	101.6
Ind. Tendance	153.0	152.6	121.4
WEST GERMANY			
FAZ-Aktien	342.02	340.88	234.51
Commerzbank	1016.8	1013.8	712.0
HONG KONG			
Hang Seng	855.72	856.01	824.04
ITALY			
Banca Comm.	185.08	183.49	158.09
NETHERLANDS			
ANP-CBS Gen	140.5	141.1	96.5
ANP-CBS Ind	112.6	112.7	75.6
NORWAY			
Oslo SE	197.06	198.74	102.22
SINGAPORE			
Straits Times	934.33	936.08	759.15
SOUTH AFRICA			
Golds	771.0	761.3	638.2
Industrials	900.1	898.4	677.7
SPAIN			
Madrid SE	126.67	128.02	107.03
SWEDEN			
J & P	1422.33	1410.33	792.09
SWITZERLAND			
Swiss Bank Ind	350.6	350.7	267.3
WORLD	Nov 14	Prev	Yr ago
Capital Int'l	181.1	180.5	148.2

GOLD (per ounce)

	Nov 15	Prev
London	$383.125	$382.125
Frankfurt	$383.50	$382.75
Zürich	$383.50	$382.50
Paris (fixing)	$383.77	$383.41
Luxembourg (fixing)	$383.00	$382.85
New York (Nov)	$382.90	$382.60

* Indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Nov 15	U.S. DOLLAR Previous	STERLING Nov 15	STERLING Previous
$	–	–	1.4855	1.485
DM	2.6765	2.676	3.9775	3.9765
Yen	234.35	234.55	348.25	348.6
FFr	8.142	8.14	12.09	12.075
SwFr	2.161	2.1625	3.2125	3.2145
Guilder	2.997	2.9925	4.455	4.4425
Lira	1620.5	1618	2406	2405
BFr	54.39	54.395	80.8	80.87
C$	1.23625	1.23575	1.836	1.8344

INTEREST RATES

Euro-currencies (offered rate)	Nov 15	Prev
£	9⅝	9⅝
SwFr	4 7/16	4½
DM	6½	6⅛
FFr	13⅞	13⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅞	9 13/16
6-month U.S.$	10	9 15/16
U.S. Fed Funds	9⅝	9 7/16
U.S. 3-month CDs	9.45	9.40
U.S. 3-month T-bills	8.77	8.76

U.S BONDS

Treasury		Nov 15 Price	Nov 15 Yield	Prev Price	Prev Yield
10½	1985	99 27/32	10.57	99 27/32	10.57
11½	1990	99 21/32	11.56	99 24/32	11.55
11.75	1993	100 14/32	11.66	100 17/32	11.66
12	2013	102 5/32	11.73	102 15/32	11.71

Corporate	Nov 15 Price	Nov 15 Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	93⅜*	11.80*	92⅝	11.95
3⅞ July 1990	67⅞*	10.85*	67⅞	10.85
8⅜ May 2000	75½*	12.15*	75½	12.15
Xerox				
10⅞ March 1993	92⅛*	12.05*	91⅝	12.15
Diamond Shamrock				
10⅜ May 1993	90½*	12.35*	90	12.45
Federated Dept Stores				
10⅜ May 2013	86⅛*	12.30*	85⅝	12.45
Abbot Lab				
11.80 Feb 2013	96 *	12.30*	94⅞	12.45
Alcoa				
12⅛ Dec 2012	95⅞*	12.80*	94⅝	12.95

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	71–01	71–03	70–24	71–06
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.10	91.12	91.05	91.14
Certificates of Deposit (IMM) $1m points of 100%				
December	90.47	90.48	90.41	90.50
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.23	90.31	90.20	90.32
20-year Notional Gilt £50,000 32nds of 100%				
December	110–11	110–13	109–25	110–17

COMMODITIES

(London)	Nov. 15	Prev
Silver (spot fixing)	610.50p	601.20p
Copper (cash)	£935.75	£918.50
Coffee (Nov)	£1882.00	£1865.50
Oil (spot Arabian light)	$28.20	$28.30

LONDON

Financials again to the fore

THE FINANCIAL sectors again highlighted the London stock market yesterday as bid and merger speculation remained rife. Other leading equities were uneventful but firm, awaiting a Government economic statement tomorrow.

Buying emphasis switched to the insurance pitches and to Lloyd's brokers in particular. Stenhouse Holdings, suspended at 108p, resumed at 130p following details of the proposed merger with its Canadian associate, Reed Stenhouse. The close was 127p.

Composite insurers received a jolt in the shape of disappointing third quarter figures from Royal, which closed 20p down at 495p. Eagle Star shed 15p at 650p.

The FT Industrial Ordinary index eased 0.1 at 727.3.

Gild-edged securities succumbed to profit-taking. Closing falls among longer-dated stocks ranged to a half. In the mining markets, which continued to outperform metal prices, recent high-flyer Randfontein was £1 up at £84 and Hartebeest £1⅜ to £43¾.

Details, Page 37, Share information service, Pages 38–39.

AUSTRALIA

WIDESPREAD early falls were widely recouped later in the day in Sydney, although continued weakness in the resources sector left the All Ordinaries index to close down 2.7 at 708.1.

The decline was attributed to a correction of overbought positions while, at the same time, last week's stock shortage is now beginning to ease.

Oil and gas stocks gained little from Monday's optimistic field reports. Bond Corporation, which added 3 cents on Monday on the flow from its Harriet One well, finished unchanged at A$1.28.

HONG KONG

EARLY GAINS were given back in a nervous Hong Kong market with trading held back ahead of the outcome, late in the session, of the latest round of Sino-British talks in Peking.

The underlying bias continues to be firm and the nervousness is now expected to subside until the next scheduled meeting on December 7.

The Hang Seng index, which had added 8.67 by the morning close, ended the day a net 0.29 easier at 855.72.

SINGAPORE

A LACK of fresh influences left Singapore mixed on light selective bargain-hunting and liquidation of positions.

The Straits Times industrial index ended 1.75 lower at 934.33. Rothman Industries was the most actively traded stock, adding 7 cents to S$2.28.

SOUTH AFRICA

A GOOD LEVEL of demand was maintained for Johannesburg gold shares in the apparent belief that bullion values, steady for some days at just above $380, had established a support level there and were due for a rally.

Hartebeestfontein put on a further R3.50 at R77, while at the cheaper end Simmer and Jack gained 40 cents to R6.10.

CANADA

SHARES TURNED lower in Toronto as losses began to be posted over a broad section of the market. Gold issues which managed an early advance, later lost the advantage and the sector moved to the fore among the declines. Oil and gas issues were also marked down.

Declines were also seen in Montreal, although banks managed to move marginally ahead.

TOKYO

Buying from abroad is the buoy

THE UNEXPECTED decline in U.S. money supply and continued active buying by non-residents spurred investors particularly towards paper-pulps and motor parts issues in Tokyo yesterday, pushing share prices up for the third straight session, *writes Shigeo Nishiwaki of Jiji Press.*

The 225-issue Nikkei-Dow index rose 30.77 to 9,379.29. A total of 285.87m shares changed hands, down from 294.29m the previous day. Gains outnumbered losses 389 to 273 with 200 issues unchanged.

Denki Kagaku Kogyo was the volume leader, with 9.297m shares traded, although the price finished the day unchanged at Y343.

Daiwa Securities said non-residents' market orders totalled 21m for sales and 24.5m for purchases, leaving a net buying surplus.

Paper-pulps remained popular on the expectation that their business performance would recover as a result of a drop in fuel costs and stronger demand. Oji Paper gained Y17 to Y467 and Kanzaki Paper Y34 to Y602.

Machinery issues were also firm, reflecting brisk orders. Okuma Machinery Works added Y34 to Y725 and Amada Y20 to Y857. Akebono Brake gained Y52 to Y479 on rumours of new speculative interest, while Tokico also advanced Y15 to Y560.

By contrast, Nippon Steel and Mitsubishi Heavy Industries both finished Y4 lower at Y163 and Y246 respectively. Most other large-capital issues were also down.

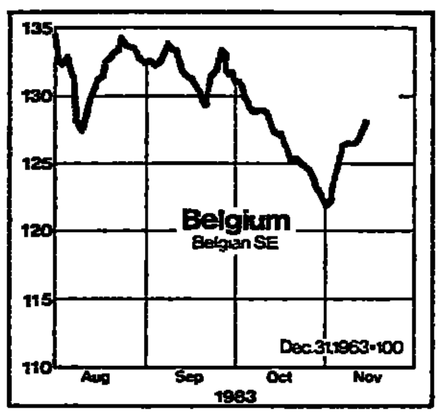
Chemicals, which had been on an upswing since the middle of last week, came under profit-taking pressure, dropping on a wide front. Shin-Etsu Chemical reached an all-time high of Y934 temporarily, mirroring the stronger performance of its electronics subsidiary, but closed the day at Y910, off Y1.

Toyo Soda lost Y4 to Y229 and Japan Synthetic Rubber Y8 to Y417.

Aoki Construction, a speculative issue, scored a day's maximum allowable gain for the issue of Y50 to Y910, while the yen's appreciation against the U.S. dollar sent Nippon Oil up Y80 to Y1,170.

The margin buying balance on the Tokyo, Osaka and Nagoya exchanges combined, declined Y25.8bn last week to Y2,305.4bn registering the fourth consecutive weekly drop. But it was still down only 4.45 per cent from the September 24 Y2,412.8bn peak. The margin selling balance stood at Y225.7bn, down Y12.4bn.

Bond trading was slow in the absence of incentives. The yield on 7.5 per cent government bonds maturing in January 1993 dropped to 7.71 per cent at one point, but closed the day at 7.715 per cent, unchanged from the previous day.



EUROPE

Belgian tax laws bear further fruit

THE PREVAILING tax concessions allowed by the Belgian Government on capital-raising exercises on the part of the country's quoted companies bore further fruit in Brussels yesterday, reinforcing the health of the investment climate there. Other European centres had a more restrained trading day.

The day's largest gainer in **Brussels** was the metals concern Hoboken, which added BFr 125 to BFr 4,700 following the company's one-for-three stock issue. Most of the new capital is expected to be placed privately to avoid depressing the market price.

Groupe Bruxelles Lambert, the country's second largest holding company, edged just BFr 20 higher to BFr 2,310, despite its forecast of increased profits and dividends for this year.

On Monday, the company's shareholders approved a one-for-two rights issue which will boost equity BFr 4.15bn to BFr 12.4bn.

Modest gains were recorded in **Frankfurt** in quiet trading ahead of today's public holiday.

The Commerzbank index continued its steady climb, adding 3 points to 1,016.8 – within sight again of its 23-year high of 1,017.5 achieved on October 25.

Much attention was centred on blue chip motor and chemical issues and there was also a marked improvement in bank shares following their recent weakness in the wake of the SMH bank rescue.

Shares held generally firm in **Paris,** although the trend slowed markedly from the advances of previous sessions.

The upward mood was led by the food and beverage sector with BSN-Gervais rising FFr 32 to FFr 2,477 and Pernod-Ricard up the same amount at FFr 660.

Uncertainty over interest rates left **Zurich** investors reluctant to take new positions and prices ended mixed to slightly lower.

Markdowns in the banking sector were attributed to fears that banks will not raise their dividends, despite higher profits this year. The recently favoured Bank Leu dropped SwFr 75 to SwFr 4,100.

Amsterdam turned weak as the market awaited the results of resumed talks between the Government and public sector unions about pay cuts.

Akzo, however, remained a bright spot, adding 50 cents to Fl 81.80 following its third quarter results. Some profit-taking was evident following Monday's Fl 1.90 advance, but this was matched by buying support.

Shares were lower in quiet trading in **Madrid,** with the sharpest falls seen in the steels sector.

But **Milan** moved higher, enlivened by position squaring and fresh buying ahead of the new bourse month which begins today.

Stockholm was also firmer, with Boliden a further SKr 1 ahead at SKr 386 following its improved nine-month figures.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¼	8⅝	AAR	.44	3.1	18	19	14⅛	14⅛	14⅛	-⅛
52⅞	29½	ACF	1.40	2.7	242	478	51½	51	51	-½
18⅝	14¼	AMF	.50	2.9		557	17⅛	16⅞	17	-⅛
38¼	15¾	AMR Cp			16	6008	36⅞	35⅞	36	-⅛
19½	15	AMR pf	2.18	11		80	19⅛	19	19⅛	
39¾	24⅞	AMR pf	2.13	5.5		13	38	37⅞	38	-⅛
15¾	3⅛	APL			25	42	12⅞	12⅞	12⅞	-⅛
55	37⅞	ARA	2.05	4.1	11	101	51½	50⅞	50½	-⅞
79⅞	49	ASA	3a	5.6		571	53½	52¼	53⅞	+⅞
33⅛	14	AVX	s .32	1.2	40	582	27⅛	26⅛	26⅛	-⅞
53⅞	34¼	AbtLab	1	2.0	19	1192	50½	49⅝	50⅛	+½
30⅛	23¾	AccoW	n .60	2.4	19	1273	25½	25¼	25⅛	+⅛
27½	16⅛	AcmeC	.40	1.8		16	22⅛	22⅛	22⅛	-⅛
14⅝	7⅛	AcmeE	.32b	3.3	481	46	9⅞	9½	9⅝	
24⅝	8¼	AdmDg	.04	.2	16	14	21½	21⅛	21⅛	+⅛
18	15	AdaEx	1.73e	9.6		71	18	17⅞	18	+⅛
19⅛	7⅛	AdmMl	.24	1.6	7	813	14⅛	13⅞	14⅛	-⅛
18⅝	8⅛	Advest	.12	1.0	8	133	12⅞	12	12⅛	+⅛
34⅞	10⅞	AMD	s		54	3540	32½	31⅛	31⅝	+⅛
24⅝	12⅞	Aerflx	s		14	111	14½	14	14	-⅛
43⅞	32⅞	AetnLf	2.64	7.2	9	1002	37⅛	36⅝	36⅝	
65	55¼	AetL pf	5.18e	9.1		4	56⅛	56⅛	56⅛	-⅛

[illegible]

A FINANCIAL TIMES SURVEY

CUMBRIA

DECEMBER 9, 1983

The Financial Times is proposing to publish a Survey on Cumbria in its issue of December 9, 1983. The provisional editorial synopsis is set out below.

INTRODUCTION: Cumbria is the second largest county in England and Wales. Though it is a mainly rural area, good communications provided by the M6 motorway, the main West Coast London to Edinburgh rail line and services from Carlisle Airport provide a solid foundation for industry. An unemployment rate lower than the national average masks the economic problems of West Cumbria which has suffered industrial shrinkage. The Survey will examine new initiatives designed to bolster the country's economy.

Editorial coverage will also include:

INDUSTRY PROPERTY ENTERPRISE ZONE TOURISM

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

The size, contents and publication dates of all Surveys are subject to change at the discretion of the Editor

Continued on Page 35

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
27¾	8⅝	AAV	.32	2.2	11	8	15⅛	14¾	14⅞	
4¼	2¼	AICPh				12	2⅜	2¼	2¼	
6⅝	1⅞	ATI				318	2	1⅞	2	+ ⅛
19½	11⅞	AcmU	a.32	2.1	17	8	15¼	15	15¼	+ ¼
14½	3⅝	Action	s		8	154	12¾	12½	12½	− ⅛
12	6⅛	Actons	11	15	32	43	6⅞	6½	6⅞	− ¼
6½	1⅞	Actn	wt			91	2⅜	2¼	2¼	− ¼
8	1¾	AdmRs				9	3½	3⅜	3½	
30⅞	17⅛	AdRusl	s.10	.4	15	72	23⅞	23¼	23⅝	+ ⅛
28⅝	14¼	Adobe	24	1.3	13	97	19¼	18½	18⅞	− ⅛
5⅞	2⅝	AegsCp			14	44	4	3⅞	4	
7	4	Aeronca			7	294	5¼	5	5⅛	
32½	18⅞	AfilHsp	.36	1.6	10	6	22⅞	22⅞	22⅞	+ ¼
45	24¼	AlIPb	a.54	1.6	15	11	33½	33	33½	− ⅛
17½	4½	AirSex			8	94	11	10⅞	10⅞	+ ½
15⅞	5⅞	ArExp				74	6¾	6⅝	6¾	+ ⅛
6⅛	4⅞	Alamc	n		9	104	5	4¾	4⅞	− ⅛
23⅞	5⅞	AlbaW	.15e	1.1	9	79	13⅜	12⅞	13⅜	+ ⅜
12¾	7⅞	AlmySt		1.6		18	12¾	12⅝	12⅝	
10½	5⅞	AlphaA				6	6½	6½	6½	+ ⅛
28¼	16⅛	Alphain	.05	.3	27	135	20⅛	19⅞	20	− ⅛
22	11	Altamil	.40	1.8	14	9	22	22	22	+ ¼
7⅞	⅛	Altec	v			28	½	½	½	
2⅞	1⅛	Altex				105	1⅞	1¾	1⅞	+ ⅛
11-16	1-16	Altex	wt			5	⅛	⅛	⅛	
37	28½	Alcoa	pf3.75	12.		z2900	33½	31¾	31¾	−1¼
32½	14¾	AlzaCp				99	16	15⅞	16	
28⅞	13¼	Amdhl	s.20	1.0	30	1783	19¾	19	19⅛	+ ⅛
25⅞	6⅞	Amedc	s.08	.5	19	18	16	15¾	15¾	− ⅛
7½	3½	ABik	n.15	2.8	30	10	5⅜	5⅜	5⅜	+ ⅛
6	2	AmCap				16	3¼	3⅛	3¼	+ ⅛
39	23	AContl	.80e	2.3	9	1	35½	35½	35½	− ¼
44¼	20⅛	AExp	wt			60	25¾	25⅜	25½	− ⅛
15½	6⅞	Alsrael			2	36	6⅞	6⅞	6⅞	− ⅜
19¾	2⅞	AMBld	s			571	2⅞	2½	2½	− ⅛
38½	24¾	AMotin	.25	.7	13	32	34⅞	33⅞	33⅞	− ¼
60¾	47¼	AmPetf	3.20	5.8	13	15	55½	55½	55½	+ ½
8⅞	4⅞	APlan				54	7⅛	6⅞	7⅛	+ ⅛
20⅜	11½	APrec	.28	1.7	14	15	16½	16	16⅝	+ ½
9	4⅛	AmRlty			69	1	6¼	6¼	6¼	− ⅛

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 34

V-V-V

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
82¼	33½	VF Co	s 2	3.0	9	674	67⅝	66½	67¼	+ ⅞
36¼	17¾	Valero	.44	2.1	9	761	20¾	20¼	20½	− ¼
27	24⅝	Valer	pf3.44	14.		33	25	24¼	24⅝	+ ⅛
7⅜	4	Valeyin				35	4⅝	4½	4½	
26	15½	VanDrn	1.20	4.8	15	12	25¼	25	25	− ⅛
9¼	5	Varco				68	7½	7½	7½	
63⅜	27¾	Varian	s.26	.5	26	433	57½	55¼	55¾	−1⅜
21¼	8⅝	Varo	.40	2.4	33	204	16½	16	16⅝	− ¼
31¼	17⅞	Veeco	.32	1.5	22	388	22⅜	21½	22	+ ¼
16¼	4⅛	Vendo				68	5⅞	5½	5¾	+ ⅛
11	9¼	VestSe	1.20	12.		66	10⅛	10⅛	10½	

Continued on Page 36

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 35

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

NEW YORK CLOSING PRICES

Continued from Page 35

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

CANADA

(Closing Prices) Stock	Nov 15	Vars.
AMCA Inc.	24⅞	+½
Abitibi	21½	-
Agnico Eagle	15⅝	+⅛
Alberta Energy	19½	-⅜
Alcan Alumn	48½	-⅜
Algoma Steel	26¾	+½
Asbestos	11¾	+⅛
Bk Montreal	28⅞	-
Bk Nova Scotia	43⅝	+⅜
Bell Canada	31⅛	-⅜
Bombardier A	17	-
Bow Valley	25¾	-⅛
B.P.Canada	-	-
Brascan A	37⅞	+⅜
Brinco	2.85	-
B. C. Forest	12¾	+⅛
CIL Inc	28½	-⅛
Cadillac Fairv.	9	-
Can Cement	-	-
Can NW Energy	27⅝	+⅜
Can Packers	25⅝	-⅛
Can Trustco	48¾	+¼
Can Imp Bank	32⅛	-⅛
Canadian Pacific	49⅝	-⅜
Can. P. Ent.	22⅛	-⅛
Can Tyre A	58¼	-⅛
Carling O'Kfe	22¾	+⅛
Chieftain	17½	-
Cominco	58	-½
Cons Bathst A	23⅛	-⅛
Cassiar Resources	3.6	-0.15
Costain	9⅞	-
Denison Mines	45⅞	+½
Dofasco	58	-⅛
Dome Mines	15⅛	-⅜
Dome Petroleum	4.2	-0.15
Dominion Strs.	18½	-1⅛
Domtar	27⅞	+⅛
Falconbridge	71⅛	+⅜
Genstar	28⅞	-1
Giant Y'knife	28¾	+⅛
Gt West Life	275	-
Gulf Canada	17½	-
Hawk Sid Can	17	-
Hudson's Bay	24⅛	-
Husky Oil	10½	-⅛
Imasco	34⅛	
Imp Oil A	38⅛	+⅛
Inco	16⅞	-
Indal	11⅞	-
Interpr Pipe	32½	+⅛
LAC Minerals	-	-
Macmill Bloedel	27⅞	-⅛
Marks & Spencer	14	+⅛
Massey-Ferg	5⅛	-
McIntyre Mines	33½	-½
Mitel	15	-
Moore Corp	55	+⅛
Nat. Sea Prods A	7½	-
Noranda Mines	24⅝	-½
Numac Oil	27	-
Nova Alberta	8⅛	-⅛
Nthn Telecom	52⅛	-⅛
Oakwood Pet	9⅝	+⅛
Pancanadian Pet	25	-⅛
Pamour	27½	-
Placer Devt	22⅛	-⅛
Power Corp Can	18⅛	-⅛
Quebec Sturgeon	6½	-
Ranger Oil	13⅛	-⅜
Reed Stenhse A	12¾	+⅛
Rio Algom	16¾	-
Royal Bank	33⅞	+⅛
Royal Trustco A	27	-⅛
Sceptre Res	5½	+⅛
Seagram	48¾	+½
Simpson Sears A	-	-
Shell Can Oil	23⅞	-⅛
Stelco	28⅞	+½
Teck B	11	-⅛
Texaco (Canada)	38½	+⅛
Thomson News A	37⅞	+⅜
Toronto Dom Bank	17	+⅛
Transalta A	20⅝	-
Trans. Can. Pipe	28⅞	-
Walker Hiram	28½	-⅛
Westcoast Trans	14⅞	-⅛
Weston (Geo)	60	-⅛

AUSTRIA

Nov. 15	Price Sch%	+ or −
Creditanstalt	211	−11
Goesser	318	−2
Interunfall	410	....
Landerbank	212	....
Perlmooser	324	+1
Steyr Daimler	153	+2
Veitscher Mag	200	+4

BELGIUM/LUXEMBOURG

Nov. 15	Price Frs.	+ or −
ARBED	1,840	−10
Banq Int A Lux	4,675	+75
Bekaert B	5,000	....
Ciment BR	1,920	−10
Cockerill	167	+1
Delhaize	4,400	....
EBES	2,400	+30
Electrobel	6,440	−10
Fabrique Nat	2,170	+5
GB Inno BM	2,980	+30
GBL (Brux)	2,310	+20
Gevaert	2,620	....
Hoboken	4,700	+125
Intercom	1,850	+35
Kredietbank	6,290	....
Pan Hldgs	9,200	....
Petrofina	5,720	....
Royale Belge	6,850	....
Soc. Gen. Banq	2,815	+16
Soc. Gen. Belge	1,550	−5
Sofina	5,000	−20
Solvay	3,300	+25
Tractionel	3,225	−5
UCB	4,065	....
Vieille Mont	3,340	+60

DENMARK

Nov. 15	Price Knr %	+ or −
Aarhus Olie	424	....
Andelsbanken	275	....
Baltica Skand	495	....
CopHandelsbank	267	+1
D. Sukkerfab	634xr	+8
Danske Bank	284	+4
East Asiatic	141	+4
Forende Brygg	1,340	....
Forende Damp	173	+2
GNT Hldg	525	....
I.S.S.B.	700	−10
Jyske Bank	566	−2
Novo Ind	3,155	+60
Privatbanken	275	+2
Provinsbanken	314	....
Smidth (Fl)	244	....
Sophus Berend	935	....
Superfos	510	+12

FRANCE

Nov. 15	Price Frs.	+ or −
Emprunt 4½% 1973	1,910	+10
Emprunt 7% 1973	9,865	+50
CNE 3%	3,090	−7
Air Liquide	490	−1
BIC	750	+2
Bouygues	705	+5
BSN Gervais	2,477	+32
CIT-Alcatel	1,581	−9
Carrefour	1,295	−1
Club Mediter'n	681	−14
CFAO	525	−6
Cie Bancaire	335.5	−7
Cofimeg	179	−1.7
Creusot Loire	61	−0.1
Darty	660	−12
Dumez	866	+8
Eaux (Cie Gen)	449	+18.5
Elf-Aquitaine	169.9	+2.8
Gen. Occidental	649	+25
Imetal	61	−0.1
Lafarge Coppee	260.1	+18
L'oreal	2,019	−10
Legrand	1,895	−10
Maisons Phenix	351	....
Matra	951	−9
Michelin B	801	+6
Midi (Cie)	1,194	+9
Moet-Hennessy	1,320	−10
Moulinex	99.4	−1.6
Nord Est	47.1	−0.4
Pernod Ricard	660xr	+32
Perrier	406	−5.5
Petroles FR	156.5	....
Peugeot-SA	192.5	+0.5
Poclain	65	−1
Printemps Au	130	....
Radiotech	365	−1
Redoute	1,077	−25
Roussel-Uclaf	659	+9
Schneider	92.3	+2.3
Sefimeg	240	−1.9
Skis Rossignol	1,220	−30
Telemech Elect	1,225	−5
Thompson (CSF)	181	+0.2
Valeo	302.2	+4.2

GERMANY

Nov. 15	Price Dm.	+ or −
AEG-Telef	80	+0.2
Allianz Vers	823	+8
BASF	165.5	+0.7
Bayer	166.6	+0.3
Bayer-Hypo	280	+2.5
Bayer-Verein	306	+3.8
BHF-Bank	280.5	+0.5
BMW	437	+0.3
Brown Boveri	216.2	−1.0
Commerzbank	166.5	+2.4
Conti Gummi	125.9	+0.1
Daimler-Benz	689	+0.5
Degussa	364.5	+3
Demag	148	....
D'sche Babcock	178	+1
Deutsche Bank	308	+5.7
Dresdner Bank	169.1	+1.9
GHH	138	−0.8
Hochtief	447	−15
Hoechst	181.4	+1.4
Hoesch Werke	93.5	+1
Holzmann(P)	420.5	−3.6
Horten	189.5	−0.3
Kali und Salz	198	−0.3
Karstadt	392	....
Kaufhof	275.5	+0.5
KHD	256.2	−3.6
Kloeckner	57.9	....
Krupp	60.5	−0.5
Linde	380	−1
Lufthansa	154.5	−0.5
MAN	134.5	−3.5
Mannesmann	155	−2.7
Mercedes Hld	617.5	....
Metallgesell	198	−3
Mueuch Rueck	1155	+15
Preussag	264	....
Rhein West Elect	171	....
Rosenthal	286	−2
Schering	379	+1
Siemens	392	+4.5
Thyssen	78	−0.1
Varta	180.8	+5
Veba	164.6	−0.4
V.E.W.	120.8	+0.8
Verein-West	309	....
Volkswagen	226.3	+1.3

ITALY

Nov. 15	Price Lire	+ or −
Banca Com'le	26,580	+100
Bastogi-IRBS	169	+2
Centrale	1,290	−16
Credito Varesino	3,810	....
Fiat	2,926	+35
Finsider	44	+3.8
Generale (Assic)	133,500	+20
Invest	2,925	−41
Italcementi	44,000	−350
Montedison	186.6	+2.6
Olivetti	3,390	+85
Pirelli Co	2,860	−25
Pirelli Spa	1,465	+41
Snia BPD	1,194	+20
Toro Assic	11,000	+180
do. Pref	8,020	+21

NETHERLANDS

Nov. 15	Price Fls.	+ or −
ACF Holding	168.5	+5.8
Ahold	164	−3.5
AKZO	81.6	+0.5
ABN	346.5	....
AMEV	133	−2.1
AMRO	58.4	−0.3
Bredero Cert	178	+0.5
Boskalis Westm	40	−1
Buhrmann-Tet	81.7	....
Caland Hldgs	32.8	−0.1
Credit Lyon'ls Bk	40.5	+0.7
Elsevier- NDU nv	440	....
Ennia	169	−1.5
Gist.-Brocades	151	−1
Heineken	123.5	−1.5
Hoogovens	37	−0.5
Hunter Douglas	17.3	+0.1
Int-Muller	28.7	−0.6
KLM	164.7	−0.8
Naarden Intl	57.9	+0.5
Nat Ned Cert	177.3	−0.1
Ned. Credit Bank	31.2	+0.1
Ned Mid Bank	140.5	+1.5
Nedlloyd	96.5	+0.3
Oce Grinten	205.5	−0.5
Ommeren (Van)	32.5	−0.4
Pakhoed	52.8	−0.2
Philips	44	−0.6
Rijn-Schelde	3.6	−0.4
Robeco	322.5	+0.7
Rodamco	129	....
Rolinco	309.5	+0.9
Rorento	198.5	+1
Royal Dutch	134.5	−1.8
Unilever	232.7	−1.5
VMF Stork	82	+1
VNU	116	−0.5
West Utr Bank	97.5	−0.5

NORWAY

Nov. 15	Price Kroner	+ or −
Bergens Bank	133.5	+1.5
Borregaard	160	....
Christiania Bk	138	+1
Den Norsk Credit	143	+1
Elkem	100.0	−2.5
Norsk Data	240.0	−2.5
Norsk Hydro	487.5	−10
Storebrand	169	−1

SPAIN

Nov. 15	Price Pts%	+ or −
Bco Bilbao	260	....
Bco Central	264	−6
Bco Exterior	217	....
Bco Hispano	214	−2
Bco Santander	260	−1
Bco Vizcaya	325	−5
Dragados	132	−3
Hidrola	47.5	+1.7
Iberduero	41.0	+0.8
Petroleos	105.7	+1.7
Telefonica	87	+0.5

SWEDEN

Nov. 15	Price Kronor	+ or −
AGA	340	−1
Alfa-Laval	262	+7
ASEA (Free)	350	+2
Astra (Free)	635	....
Atlas Copco	108	....
Boliden	365	+1
Cardo	350	....
Cellulosa (Free)	155xcl	+7
Electrolux B	226	+2
Ericsson	400	+2
Esselte (Free)	295	....
Fagersta	400	....
Mo Och Domsjo	333	+8
Pharmacia(Free)	355	−8
Saab-Skania	278	+3
Sandvik B (Free)	315	+5
Skandia	365	+5
Skan Enskilda	290	+2
SKF B	158	+1
St. Kopparberg	520	+5
Sven Handelsbn	177	+4
Swedish Match	245	+8
Volvo B (Free)	415	−3

SWITZERLAND

Nov. 15	Price Frs.	+ or −
Alusuisse	738	−2
Bank Leu	4,100	−75
Brown Boveri	1,170	−10
Ciba Geigy	2,200	+9
do. (Part Certs)	1,780	+20
Credit Suisse	2,135	....
Elektrowatt	2,820	....
Fischer (Geo.)	575	....
Genevoise	3,500	....
Hoff-RochePtCts	97,750	−125
Hoff-Roche 1/10	9,800	....
Jacobs Suchard	6,375	....
Jelmoli	1,780	−25
Landis & Gyr	1,400	....
Nestle	4,200	....
Oer-Buehrle	1,250	+25
Pirelli	253	....
Sandoz(Br)	6,900	−25
Sandoz (PtCts)	1,150	....
Schindler (PtCts)	410	....
Swissair	906	−1
Swiss Bank	302	....
SwissReinsce	7,500	+50
Swiss Volksbk	1,420	−5
Union Bank	3,270	−5
Winterthur	3,880	....
Zurich Ins	17,400	−50

AUSTRALIA

Nov. 15	Price Aust. $	+ or −
ANZ Group	5.74	−0.04
Acrow Aust	1.25	....
Alliance Oil D.	0.9	+0.07
Ampol Pet	1.95	−0.05
Aust Cons Ind	1.75	....
Aust. Guarant	2.75	....
Aust. Nat. Inds	2.5	−0.05
Aust. Paper	2.32	−0.09
Bond Hldgs	1.28	....
Boral	3.17	−0.01
B'ville Copper	2.38	....
Brambles Inds	3.1	....
Bridge Oil	3.1	−0.02
BHP	12.8	−0.05
CRA	5.56	....
CSR	3.69	−0.05
Carlton & Utd	3	+0.05
Castlemaine	4.25	....
Coles (G.J.)	3.7	....
Comalco	2.85	−0.05
Consolidated Pet	0.61	−0.01
Costain	1.35	−0.1
Dunlop	1.45	....
E.Z. Ind	5.8	−0.1
Elders IXL	4.05	+0.01
Energy Res	1.7	−0.02
Gen Prop Trust	1.94	....
Hardie (J.)	3.5	+0.06
Hartogen Energy	2.7	....
Herald W'y Times	3.1	−0.05
ICI Aust	2.12	+0.03
Jimb'lana (50cFP)	0.2	....
Kia Ora Gold	0.19	+0.01
Lend Lease	4.8xc	....
MIM	3.75	−0.03
Mayne Nickless	2.75	....
Meekatharra	1.2	−0.05
Myer Emp	1.83	−0.07
Nat.Com.Bk.	3.65	....
News	9.00	....
Nicholas Kiwi	3	+0.05
North Bkn Hill	3.2	−0.05
Oakbridge	1.05	....
Otter Expl	0.60	....
Pancon	1.25	+0.07
Pioneer Conc	1.74	−0.04
Reckitt & Coln	2.45	−0.1
Repco	1.25	+0.01
Santos	7.9	−0.1
Smith (H.)	3.45	+0.05
Southland Min'g	0.27	−0.01
Spargos Expl	0.35	....
Thos. Natwide	1.95	−0.02
Tooth	6.04	+0.04
UMAL Cons	2.20	....
Vamgas	3.6	−0.05
Western Mining	3.7	−0.02
Westpac	3.52	+0.02
Woodside Petrol	1.51	−0.04
Woolworths	2.55	+0.05
Wormald Intl	2.85	....

HONG KONG

Nov. 15	Price H.K.$	+ or −
Bank East Asia	20.2	−0.1
Carrian Invest	0.87	....
Cheung Kong	7.05	+0.05
China Light	14.1	−0.3
Hang Lung Devel	1.42	−0.13
Hang Seng Bank	36.75	−0.25
HK Electric	5.5	....
HK Kowloon Wh	3.62	....
HK Land	2.77	+0.02
HK Shanghai Bk	7.05xd	−0.1
HK Telephone	35.5	+0.25
Hutchison Wpa	15.0	+0.1
Jardine Math	11.0	+0.1
New World Dev	2.62	+0.02
Orient O'seas	2.67	....
O'seas Trust Bk	2.9	+0.05
SKH Props	4.75	−0.05
Swire Pac A	14.3	+0.05
Wheel'k Mard A	5.05	....
Wheel'k M'time	1.6	....
World Int. Holdgs	1.47	....

JAPAN

Nov. 15	Price Yen	+ or −
Ajinomoto	990	−4
Alps Electric	2,310	....
Amada	857	+20
Asahi Chem	396	....
Asahi Glass	669	+7
Bridgeston	565	....
Canon	1,390	−10
Casio Comp	1,450	−10
Chugai Pharm	1,010	+10
Citizen	572	+5
Daiei	641	....
Dai Nippon Ptg	870	+2
Daiwa House	519	−7
Ebara	331	....
Eisai	1,350	−30
Fanuc	6,500	−50
Fuji Bank	500	....
Fuji Film	2,020	−30
Fujisawa	925	−4
Fujitsu	1,310	+20
Green Cross	1,800	−10
Hasegawa	453	−2
Heiwa Real Est	614	+1
Hitachi	836	−4
Hitachi Credit	1,250	+10
Honda	1,010	−20
House Food	930	+20
Hoya	1,220	+10
Itoh (C)	293	+13
Ito-Yokado	1,680	−20
Iwatsu	1,690	....
JACCS	355	−5
JAL	2,280	−40
Jusco	828	+3
Kajima	326	+1
Kao Soap	650	+5
Kashiyama	640	−9
Kirin	456	−4
Kokuyo	820	+4
Komatsu	498	....

JAPAN (continued)

Nov. 15	Price Yen	+ or −
Konishiroku	685	−5
Kubota	302	−2
Kumagai	440	+8
Kyoto Ceramic	7,280	+140
Maeda Const	519	−3
Makino Milling	1,330	+60
Makita	1,230	+20
Marubeni	272	−3
Marudai	602	−2
Marui	1,140	....
MEI	1,780	+10
M'ta Elec Works	651	−12
M'bishi Bank	690	....
M'bishi Corp	535	....
M'bishi Elec	494	−4
M'bishi Estate	472	+2
MHI	245	+4
Mitsui Co	359	....
Mitsui Estate	720	−4
Mitsukoshi	345	....
NGK Insulators	672	+9
Nihon Cement	254	+10
Nippon Denso	1,690	+30
Nippon Elect	1,340	....
Nippon Express	294	+6
Nippon Gakki	630	....
Nippon Kokan	142	....
Nippon Oil	1,170	+80
Nippon Seiko	569	+10
Nippon Shinpan	582	−11
Nippon Steel	155	−4
Nippon Suisan	321	−1
NTV	6,320	+180
Nippon Yusen	248	....
Nissan Motor	702	....
Nisshin Flour	405	+4
Nisshin Steel	142	....
Nomura	698	+2
Olympus	880	−5
Omron Tateisi	1,810	+30
Orient Leasing	2,250	−10
Pioneer	2,770	+10
Renown	860	+8
Ricoh	1,060	....
Sankyo	738	−8
Sanyo Elect	489	−2
Sapporo	305	−3
Sekisui Prefab	795	−4
Seven-Eleven	6,500	+100
Sharp	1,300	−20
Shimadzu	515	....
Shionogi	786	−6
Shiseido	1,110	....
Sony	3,460	−30
Stanley	721	+4
S'tomo Elect	686	+5
S'tomo Marine	221	−2
S'tomo Metal	156	−2
Taihei Dengyo	567	−1
Taisei Corp	280	−2
Taisho Pharm	872	−8
Takeda	750	−4
TDK	4,720	−30
Teijin	388	−2
Teikoku Oil	815	+10
Tokio Marine	500	−1
TBS	720	−8
Tokyo Elect Pwr	1,050	....
Tokyo Gas	128	−2
Tokyo Sanyo	555	+10
Tokyo Style	555	+10
Tokyu Corp	292	+1
Toppan Print	396	−4
Toray	401	+1
Toshiba	371	+1
TOTO	650	....
Toyo Seikan	640	....
Toyota Motor	1,300	+20
Victor	2,870	+30
Wacoal	675	−5
Yamaha	475	....
Yamanouchi	1,880	....
Yamazaki	755	....
Yasuda Fire	228	−1
Yokogawa	849	....

SINGAPORE

Nov. 15	Price $	+ or −
Boustead Bhd	2.74	−0.02
Cold Storage	4.86	....
DBS	9.15	−0.05
Fraser & Neave	6.04	+0.05
Genting	4.6	−0.04
Haw Par	2.1	−0.02
Inchcape Bhd	2.62	−0.02
Keppel Shipyard	3.84	−0.02
Malay Banking	9.15	+0.05
Malay Brew	5.90	....
Multi Purpose	1.79	−0.02
OCBC	10.8	....
OUB	4.24	+0.02
Sime Darby	2.32	−0.02
Straits St'mship	1.73	....
Straits Trdg	5.45	−0.05
UOB	5.35	....

SOUTH AFRICA

Nov. 15	Price Rand	+ or −
Abercom	2.7	....
AE & CI	8.0	....
Anglo Am Coal	24.5	+0.25
Anglo Am Corp	20.2	+0.6
Anglo Am Gold	124	+3
Barclays Bank	15.8	....
Barlow Rand	15.0	....
Buffels	55.5	....
CNA Gallo	2.8	....
Currie Finance	3.9	....
De Beers	9.1	+0.05
Driefontein	36	+1
FS Geduld	40	−0.5
Gold Fields S.A.	82	+0.5
Highveld Steel	4.9	+0.05
Nedbank	14.6	+0.1
OK Bazaars	20	....
Protea Hldgs	3.5	....
Rembrant	24.0	....
Rennies	11.65	....
Rustenburg	11.75	+0.05
Sage Hldgs	6.25	....
SA Brews	7.2	....
Smith (C.G)	22.5	....
Tongaat Huletts	9.80	+0.25
Unisec	5.50	+0.05

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Nov 15	Nov 14	Nov 11	Nov 10	Nov 9	Nov 8	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1247.87	1254.87	1250.2	1235.87	1232.52	1214.84	1272.15 (7/10)	174.39 (11/8)	1272.15 (7/10/83)	41.22 (2/7/32)
Transport	596.8	601.55	595.57	590.43	598.15	585.85	601.55 (14/11)	434.24 (3/1)	601.55 (14/11/83)	12.23 (8/7/32)
Utilities	136.65	136.99	137.65	136.71	136.99	136.71	140.7 (31/10)	118.46 (3/1)	163.32 (20/4/69)	10.65 (28/4/42)
Trading vol 1000s †	7784	8688	7427	8673	8310	6498	-	-	-	-

	Nov 11	Nov 4	Oct 28	(Year Ago Approx)
Ind div yield %	4.46	4.58	4.55	5.21

STANDARD AND POORS

	Nov 15	Nov 14	Nov 11	Nov 10	Nov 9	Nov 8	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	186.17	187.58	187.44	185.22	184.58	181.83	193.22 (22/6)	154.95 (3/1)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	165.38	166.58	166.29	164.41	163.97	161.78	170.99 (22/6)	138.34 (3/1)	170.99 (22/6/83)	4.4 (1/6/32)

	Nov 2	Oct 26	Oct 19	Year Ago (Approx)
Ind div yield %	3.88	3.87	3.93	4.47
Ind. P/E Ratio	14.24	14.31	14.45	10.51
Long Gov Bond Yield	11.80	11.58	11.39	10.18

N.Y.S.E. ALL COMMON

Nov 15	Nov 14	Nov 11	Nov 10	1983 High	1983 Low
-	-	-	-	442.82 (9/5)	79.79 (24/1)

RISES AND FALLS

	Nov 15	Nov 14	Nov 11
Issues traded	1994	1999	932
Rises	694	987	103
Falls	895	635	476
Unchanged	404	377	353

MONTREAL

	Nov 15	Nov 14	Nov 11	Nov 10	1983 High	1983 Low
Industrials	432.86	436.75	435.67	432.37	483.89(5/5)	328.12(4/1)
Combined	417.36	419.94	419.55	416.49	441.28(29/5)	319.45(5/1)
TORONTO Composite	2458.9	2476.1	2473.3	2456.9	2598.3(25/9)	1949.8(4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Nov. 15	Nov. 14	Nov. 11	Nov. 10	1983 High	1983 Low
AUSTRALIA All Ord. (1/1/80)	788.1	710.8	712.5	706.9	736.7 (12/9)	487.8 (4/1)
Metals & Minls. (1/1/80)	514.8	518.3	522.5	527.8	614.8 (5/9)	411.8 (4/1)
AUSTRIA Credit Aktien(2/1/62)	54.20	54.11	53.92	53.62	59.8 (6/6)	46.48 (12/6)
BELGIUM Belgian SE (31/12/63)	128.16	127.37	(c)	126.89	134.45 (1/8)	100.58 (4/1)
DENMARK Copenhagen SE (3/1/83)	(u)	196.17	188.73	189.96	204.22 (13/9)	100.00 (3/1)
FRANCE CAC General (31/12/82)	143.5	142.8	(c)	142.1	145.3 (15/11)	98.1 (5/1)
Ind Tendance (31/12/82)	153.6	152.5	(c)	151.7	153.8 (15/11)	98.8 (5/1)
GERMANY FAZ-Aktien (31/12/58)	342.02	340.86	341.38	341.77	345.06 (25/10)	241.89 (25/1)
Commerzbank (Dec 1953)	1016.8	1015.5	1015.8	1016.1	1017.5 (25/10)	727.9 (25/1)
HONG KONG Hang Seng Bank (31/7/64)	855.72	856.01	844.84	857.27	1102.64 (21/7)	690.06 (4/10)
ITALY Banca Comm Ital. (1972)	185.08	185.49	182.78	183.51	214.95 (21/)	169.45 (10/1)
JAPAN** Nikkei-Dow (16/5/49)	9579.28	9546.52	9505.83	9244.24	9665.25 (13/10)	7803.18 (25/1)
Tokyo SE New (4/1/68)	687.92	688.07	694.07	679.86	693.90 (7/10)	574.51 (25/1)
NETHERLANDS ANP-CBS General (1970)	140.5	141.1	139.5	138.5	144.8 (11/10)	108.1 (4/1)
ANP CBS Indust (1970)	112.6	112.7	110.6	110.4	118.4 (10/10)	85.8 (4/1)
NORWAY Oslo SE (4/1/83)	197.06	198.74	198.84	200.93	217.60 (10/10)	99.81 (4/1)
SINGAPORE Straits Times (1966)	854.55	856.08	855.50	929.88	992.62 (25/8)	712.29 (5/1)
SOUTH AFRICA Gold (1958)	(u)	761.5	746.9	751.6	1098.5 (1/2)	681.4 (1/11)
Industrial (1958)	(u)	899.4	896.2	895.1	986.7 (28/6)	784.3 (4/1)
SPAIN Madrid SE (31/12/82)	125.67	(c)	128.02	129.14	128.14 (18/11)	98.72 (11/1)
SWEDEN Jacobson & P. (1/1/58)	1422.35	1419.35	1404.28	1404.47	1520.69 (6.9)	898.18 (5/1)
SWITZERLAND SwissBankCpn. (31/12/58)	350.6	350.7	351.5	352.5	356.3 (3/11)	284.4 (4/1)
WORLD Capital Intl. (1/1/70)	-	181.1	180.5	179.1	185.5 (10/10)	154.8 (5/1)

(**) Saturday Nov. 12: Japan Nikkei-Dow (c). TSE (c).
Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c-Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Financials active again as speculation intensifies

Move for Stenhouse stirs interest

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 31	Nov 10	Nov 11	Nov 21
Nov 14	Nov 24	Nov 25	Dec 5
Nov 28	Dec 8	Dec 9	Dec 19

*" New-time " dealings may take place from 9.30 am two business days earlier.

The Financial sectors again highlighted the London stock market yesterday as bid and merger speculation remained rife. Meanwhile, leading UK equities were left to pass a rather uneventful, but firm, trading session awaiting the Chancellor's economic statement tomorrow.

The buying emphasis yesterday was switched to the Insurance pitches and to Lloyds Brokers in particular. Demand here was fuelled by the early surprise suspension of dealings in Stenhouse Holdings which led to revived hopes of U.S. bid developments in the sector. Suspended at 108p, dealings in Stenhouse were resumed in the early afternoon at 130p following details of the proposed merger with Canadian associate Reed Stenhouse and the close was 127p; gains among other Insurance Brokers ranged to 20.

Composites, on the other hand, which have recently provided the major bid story with the Eagle Star/BAT Industries/Allianz situation, received a jolt in the shape of disappointing third-quarter figures from Royals. These showed only a marginal increase in pre-tax profit because of large U.S. underwriting losses and demoralised the sector which had earlier again participated in the speculative advance. Royals closed 20 down 495p, afer 480p. Falls elsewhere in the sector ranged to 20 on fears that poor figures could temper the enthusiasm of potential bidders.

Eagle Star, a rising market of late on talk of an increased offer of around £7 per share from Allianz, fell from an initial firm level of 670p to finish a net 15 lower at 650p.

Merchant banks remained popular, still buoyed by Monday's announcement of the proposed Akroyd and Smithers/Mercury Securities link-up, the latest deal between banks and securities firms triggered by Stock Exchange reform proposals which will enable greater otuside participation in the City.

Blue chip industrials moved fairly narrowly in thin trading awaiting tomorrow's economic package. This was well illustrated by the Financial Times Industrial Ordinary share index. Up 1.6 at its best level of the day at 10 am, the measure drifted back to unaltered at noon before closing 0.1 down at 727.3.

Of the constituents, Tate and Lyle stood out with a gain of 12 to 380p on speculative buying fuelled by suggestions that Hanson Trust is building up a stake in the company.

Gilt-edged securities succumbed to renewed profit-taking. The warning by Mr Paul Volker of the U.S. Federal Reserve Board of higher U.S. inflation unsettled sentiment. Potential buyers were also awaiting the bond markets' performance in the wake of the latest U.S. money supply figures which showed a bigger-than-expected drop. Closing falls among longer-dated gilt-edged stocks ranged to ½, and those in the shorts to ⅛.

Clearing Banks were swept higher in the current tide of *Financial* euphoria and all claimed double-figure gains. NatWest closed 17 up at 630p and Lloyds 15 higher at 518p, while Midland, 422p, and Barclays, 487p, advanced 14 apiece. Merchant Banks were not outshone, Brown Shipley, 320p, and Leopold Joseph, 270p, both surging up 20, while Hill Samuel rose 11 to 296p. Discount Houses also joined in, along with Hire-Purchase group Provident Financial, 13 up at 157p.

Royal's third-quarter results caused Composite Insurances to twitch nervously at one point but they later regained composure to generally close a shade firmer on balance. Brokers were favoured before and after the Stenhouse announcement with C. E. Heath 13 better at 325p, Willis Faber 20 higher at 628p and Minet 9 up at 140p. Several Life Insurers also went to higher levels, notably Equity and Law, which advanced 16 to 740p. Sun Life picked up 5 more at 585p and Pearl 7 at 734p.

Aspinall furthered Monday's highly successful debut in the Unlisted Securities Market, touching 175p on fairly aggressive demand before closing a net 7 up at 170p which compares with the issue price of 115p. Logica, recent newcomer with a full listing, continued its rerating process by gaining 10 more to 260p, after 265p; the group was recently awarded a contract for the Hong Kong Stock Exchange.

Breweries remained subdued with movements usually restricted to a couple of pence either way. Youngs revealed interim profits well in excess of market estimates and, with sentiment further buoyed by the confident tenor of the accompanying statement, the A, 29p, and the non-voting, 185p, rose 15 apiece.

Building issues failed to adopt a set trend. In the absence of rumoured adverse TV publicity, Barratt Developments regained 4 to 188p. Similar gains were achieved by Crouch, 80p, and John Carr, 154p, while buying in a restricted market lifted Nottingham Brick 23 to 340p. HAT group's interim results disappointed and the shares fell from 120p to close a net 7 down at 111p. Dealings resumed in Streeters following the agreed 20p per share cash bid from Costain UK and the close was 21½p, against the suspension level of 38½p. Elsewhere, bid speculation flickered in Ruberoid, 8 up at 273p.

A good Press on prospects after favourable third-quarter figures stimulated Akzo, ¼ better to £18¼.

Currys advance

Apart from British Home, 4 better at 225p, major Retailers usually recorded small losses. In sharp contrast, electrical retailers were buoyant with Currys 17 higher at 345p, and Dixons 6 up at 233p. Renewed speculative interest was shown for A. Caird, 6 up at 71p. James Walker A, 5 better at 62p, and A. Goldberg, 3 to the good at 87p.

Leading Electricals traded on a subdued note pending the outcome of tomorrow's statement on Government spending, but quotations closed little changed after drifting a shade easier initially. Noteworthy movements elsewhere included Atlantic Computer, 27 to the good at 340p, SCUSA, 7 higher at 109p, and Highland Electronics, a similar amount dearer at 64p.

Apart from the occasional feature, Engineers put on another uninspiring performance. GEI International moved up 10 to 67p in response to the increased interim profits and favourable statement on the outlook, while Molins, the subject of a broker's recommendation, put on 7 to 108p. Ash and Lacy improved 13 to 453p in a limited market.

The two most popular Food shares were again Tate and Lyle, 12 higher at a 1983 peak of 380p, still on talk of a share stake build-up, and Dee Corporation, which jumped the same amount to 348p, also a year's high. S. and W. Berisford attracted further support on the view that the group had been overlooked recently and ended 7 dearer at 191p. Among Hotels, Epicure picked up 1½ to 34½p behind Monday's news that the company had increased the holding in Prince of Wales to nearly 15 per cent.

Cleaning shares good

The good interim results from Sketchley, up 6 more at 418p, after 420p, enlivened interest in other cleaning issues. Brengreen also advanced 6, to 91p, Johnson Group gained 10 to 320p, while rises of around 4 were marked against Initial, 478p, Pritchard Services, 125p, and Sunlight Service, 230p. Elsewhere, West's Group featured with a rise of 17 to 108p; it was announced yesterday that Epsley Tyas had purchased a 14.9 per cent stake in the company at 100p per share. Royal Worcester closed 10 higher at 340p, after 345p, following the company's decision to recommend the increased offer from Crystalate; the latter touched 172p before settling 9 to the good at 164p. Somic improved 3 to 28p in response to the recovery in half-year profits and the return to the interim dividend list, while Zygal Dynamics, reflecting news that the company is to market Convergent Technology's new generation business micro system in the UK advanced 11 to 108p. Demand ahead of the interim figures, due shortly, prompted a rise of 8 to 290p in Scapa Group. Comment on the interim results left Associated Heat up 24 more at 305p; the price given in yesterday's issue was incorrect. Other good spots included Aeronautical and General, up 23 at 335p in a limited market, and Biomechanics, 7 dearer at 73p. Polly Peck, in contrast, fell 2¼ to £24 on fears of competition following a report that Shell Oil is to start production next January from a new joint mineral water project in Turkey. In sympathy, Cornell fell 20 to 230p and Wearwell 4 to 80p.

Interest among Motor sectors was mainly centred on Distributors. Lex Service again responded to investment support and improved 13 at 348p with sentiment aided by the success of the recent rights issue. H. Young advanced 16 in a restricted market to 92p following the announcement that Mr E. W. Davidson has acquired 10 per cent of the equity capital. Godfrey Davis closed 4 better at 87p after the increased first-half profits, while speculators returned for Caffyns, 8 to the good at 132p. A rare dull spot was provided by recently-buoyant British Car Auction, which met profit-taking and finished 9 cheaper at 220p.

Leading Properties eased from slightly higher opening levels, more on lack of trade than any other factor. Comment on Land Securities mid-term results failed to draw investors and the price softened a couple of pence to 337p. MEPC closed similarly cheaper at 248p and Haslemere Estates 6 lower at 434p. Secondary issues were sometimes firmer with Churchbury Estates 10 higher, a peak for the year, of 610p.

Shippings were featured by a late rally in British and Commonwealth, which closed 48 higher at 908p; the associate Caledonia Investments advanced a similar amount to 808p. Elsewhere, P & O Deferred were again to the fore on the prospect of a Monopolies Commission clearance for the bid from Trafalgar House and closed 4 up at 254p.

Investment Trusts continued to make headway. Gains of 8 were noted for Continental and Industrial, 402p, and Alliance Trust, 453p, while Gresham House, reflecting the group's holding in recently firm Quest Automation, rose 10 to 185p. Moorside Trust, in receipt of a takeover bid from Guinness Peat, advanced 10 to 125p in late trading following approval from GP shareholders for the deal; it was later announced that the offer had gone unconditional as to acceptances. Guinness Peat closed 2 better at 54p.

Mercury Securities, up 28 on Monday following the announcement of the possible acquisition of a near-30 per cent stake in Akroyd and Smithers, eased 8 at 480p, but Smith Brothers continued to attract buyers and rose 5 more to 81p. Exco International, benefiting from the reported possible link with broker Wood McKenzie, rose to 608p before settling a net 20 dearer at 593p. Mercantile House rose 18 at 383p.

Continuing worries about the world supply situation and Russia's reported offer to reduce *its Urals crude price* by 40 cents a barrel dampened sentiment in the Oil sector where quotations drifted lower in the face of small offerings. Shell gave up 8 to 572p and BP 6 to 420p, while Lasmo ended 9 lower at 262p and Tricentrol 6 down at 178p. Charterhall fell 7 to 71p following the proposed rights issue to finance the newly-acquired working interest in the Forties Field. Kenmare, the subject of speculative demand last week, dropped 7 to 6p on the company's statement regarding its off-shore Irish interests.

For the third consecutive week, Teas responded to the buoyant commodity price at Monday's London auction when prices stood at a 6¼-year peak. Eastern Produce were prominent and advanced 11 to 167p, after 170p.

Golds strong

The majority of mining markets continued to outperform metal prices with recently strong South African Golds putting on another good showing despite the obvious lack of interest in the bullion price.

The latter remained relatively becalmed prior to closing a net $1 firmer at $383.125 an ounce.

Gold shares progressed from the outset, persistent small demand for the top-quality issues again *finding markets* short of stock.

This was especially the case in recent high-flyer Randfontein, a point up at £84. Vaal Reefs, £1⅜ firmer at £68¾ and Hartebeest, which moved up £1⅜ to £43¾.

Among cheaper-priced issues, Unisel attracted support and advanced 53 to 825p while Wit. Nigel jumped 14 to 178p.

The Gold Mines index rose 10.6 more to 524.3, a gain of almost 80 points since the beginning of the month.

South African Financials were firmer across the board in sympathy with *Golds*. "*Johnnies*" featured with a jump of £3 to £79, reflecting the recent sharp rise in Randfontein, managed and owned as to around 30 per cent by Johnnies, while "Amgold" added £1⅜ at £70¼. Middle Wits 40 to 975p and GFSA ⅝ to £13⅝.

Charter Consolidated closed a similar amount cheaper at 238p; the price in yesterday's issue was incorrect and should have read 239p.

Johannesburg buying interest coupled with a stock shortage boosted Platinum issues. The big two, Impala and Rustenburg, jumped 30 apiece to 795p and 665p respectively while Lydenburg rose 15 to 515p.

Elsewhere, the Irish/Canadian Anglo United Development dipped to 60p but rallied to close little changed at 62p following news of interesting gold values at their Irish prospect in County Monaghan.

Substantially increased demand for Traded Options resulted in 3,586 contracts struck —2,345 calls and 1,241 puts. Imperial Group remained active with 371 calls done, the November 120's and May 140's accounting for 112 and 149 trades respectively. Courtaulds attracted 261 calls and ICI 306. The improved support of puts was almost entirely attributable to an active business in Commercial Union positions which recorded 557 trades, 510 of which were transacted in the April 160's.

FINANCIAL TIMES STOCK INDICES

	Nov. 15	Nov. 14	Nov. 11	Nov. 10	Nov. 9	Nov. 8	year ago
Government Secs.	83.37	83.54	83.70	82.55	82.26	82.09	83.08
Fixed interest	85.79	85.88	85.78	85.27	85.20	85.08	86.04
Industrial Ord.	727.3	727.4	725.1	720.6	721.8	720.1	616.2
Gold Mines	524.3	513.7	509.4	516.4	513.1	492.2	370.5
Ord. Div. Yield	4.71	4.72	4.72	4.75	4.74	4.75	4.85
Earnings, Yld.% (full)	9.38	9.39	9.35	9.42	9.40	9.42	10.34
P/E Ratio (net) (*)	13.32	13.30	13.35	13.25	13.28	13.25	11.61
Total bargains	19,169	21,236	19,730	18,895	20,100	18,916	25,849
Equity turnover £m.	—	260.45	252.54	274.42	161.16	168.59	177.51
Equity bargains	—	21,026	19,431	19,465	12,484	15,848	18,616
Shares traded (ml)	—	160.5	162.1	171.7	86.2	99.2	117.5

10 am 728.0. 11 am 726.9. Noon 727.4. 1 pm 728.1.
2 pm 728.6. 3 pm 728.1.
Basis 100 Govt. Secs. 15/1/28. Fixed Int. 1928. Industrial 1/7/35.
Gold Mines 12/1/58. SE Activity 1974.
Latest Index 01-246 8026.
Nil=12.53.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.70 (11/11)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	85.88 (14/11)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	740.4 (22/8)	598.4 (12/1)	740.4 (22/8/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	444.6 (1/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 14	Nov. 11
—Daily		
Gilt Edged Bargains	188.0	190.1
Equities Bargains	136.2	125.9
Value	526.4	510.4
5-day Avrge		
Gilt-Edged Bargains	171.4	166.5
Equities Bargains	114.3	108.4
Value	451.7	409.0

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (113)

LOANS (2)
FOREIGN BONDS (1)
AMERICANS (2)
CANADIANS (1)
BANKS (9)
BREWERS (1)
BUILDINGS (3)
CHEMICALS (4)
DRAPERY & STORES (5)
ELECTRICALS (5)
ENGINEERING (2)
FOODS (7)
INDUSTRIALS (18)
INSURANCE (9)
LEISURE (3)
MOTORS (1)
NEWSPAPERS (2)
PROPERTY (5)
SHIPPING (2)
SHOES (1)
TEXTILES (3)
TRUSTS (17)
OIL & GAS (2)
OVERSEAS TRADERS (1)
PLANTATIONS (7)

NEW LOWS (7)

BUILDINGS (1)
Streeters
ENGINEERING (1)
Wellman
INDUSTRIALS (3)
Crest Nicholson Sheldon Jones
Office & Electronic
NEWSPAPERS (1)
Sharpe (W. N.)
MINES (1)
Admiral Mines

TI Group

TI Group has sold its West German domestic steel boiler subsidiary, TI Interdomo GmbH, to Schafer Werke GmbH for DM 9m (£2.3m approximately).

TI Interdomo became part of the TI Group when it acquired Midland Aluminium in 1975.

Although modestly profitable, TI Interdomo has been operating in a volatile European heating market, where changes in the patterns of distribution rendered the company "extremely vulnerable," directors say.

In addition, the strategic value of the company to the TI domestic appliance division was relatively small.

The consideration represented a substantial *premium over asset* value, it is stated.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+ or −	Div.	Times covered	Gross yield	P/E ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. † Effective issue price after scrip. ‡ Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✣ Unlisted Securities Market. *Comprising of 10 New ordinary plus 1 Series B Warrant.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	87	15
Corpns. Dom. and Foreign Bonds	9	12	56
Industrials	320	188	881
Financial and Prop.	198	51	277
Oils	14	33	68
Plantations	10	1	9
Mines	64	9	92
Others	71	40	64
Totals	686	421	1,462

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 7	Nov 18	Feb 9	Feb 20
Nov 21	Dec 2	Feb 23	Mar 5
Dec 5	Dec 16	Mar 8	Mar 19

For rate indications see end of Share Information Service

Stocks favoured for the call included Aspinall, W. E. Norton, Racal, Yelverton, Intervision, General Oriental, London and Liverpool, P & O Deferred, Trident TV A, Aran Energy, Mersey Docks, Stewart and Nairn, Lister, Tate and Lyle, Sidlaw, Inter-City and C. H. Bailey. Puts were done in *Metal* Sciences, Atlantic Resources, Meggitt and Smith Brothers, while doubles were taken out in London and Liverpool, Aspinall and Yelverton.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Aspinall	170	+ 7
Barclays Bk.	487	+14
Eagle Star	650	−15
GEI Int'l.	67	+10
Impala Plat.	795	+30
Joseph (Leopold)	270	+20
Prov. Financial	157	+13
Royal Ins.	495	−20
Sketchley	418	+ 6
Smith Bros.	81	+ 5
Tate & Lyle	380	+12
West's Group Int.	108	+17

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No. of changes	Mon. close	Day's change
Eagle Star	18	665	+20
ICI	17	592	+12
Pearl Assrnce.	16	727	+19
Royal Ins.	14	515xd	+ 9
Consultants	13	685	+125
Glaxo	13	715xd	− 1
Phoenix Assur.	13	288xd	+15
Smith Bros.	13	76	+ 5
Allied Irish	12	150	+ 8
BTR	12	380xc	+ 9
Europn. Ferries	12	86xd	+ 3
Page (M.) New	12	97	—
Ryl. Bk. Scot.	12	150	+ 8
Wace	12	30	+11

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Tues Nov 15 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Nov 14 Index No.	Fri Nov 11 Index No.	Thurs Nov 10 Index No.	Wed Nov 9 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (203)	458.90	+0.2	9.87	3.85	14.19	458.10	456.72	452.75	452.64	443.21
2	Building Materials (24)	439.93	+0.3	10.66	4.70	11.82	438.72	436.55	435.83	435.48	400.06
3	Contracting, Construction (29)	681.87	−0.3	13.66	5.22	9.14	684.26	680.06	679.21	675.58	740.25
4	Electricals (36)	1721.48	—	7.70	2.19	16.87	1721.59	1719.44	1696.09	1701.19	1703.51
5	Engineering, Contractors (10)	414.25	+0.9	14.12	6.68	8.90	412.41	412.24	411.12	411.07	467.26
6	Mechanical Engineering (59)	192.47	+0.7	12.53	5.06	9.86	191.14	190.96	189.88	189.65	199.24
8	Metals and Metal Forming (9)	156.75	−0.4	12.10	7.48	10.00	157.38	159.16	158.56	155.25	140.65
9	Motors (18)	111.42	+0.6	1.75	4.81	—	110.77	111.56	110.80	110.28	76.55
10	Other Industrial Materials (16)	553.18	+0.3	5.64	4.05	25.90	551.73	542.18	536.51	536.53	370.06
21	CONSUMER GROUP (198)	449.48	+0.3	10.37	4.39	11.83	448.30	445.36	442.60	441.80	407.37
22	Brewers and Distillers (23)	450.48	+0.1	12.57	5.18	9.92	449.95	446.94	444.94	443.69	426.70
25	Food Manufacturing (22)	354.82	+0.8	13.84	5.78	8.94	351.92	350.03	351.01	347.81	328.45
26	Food Retailing (13)	1043.16	+0.9	7.41	2.64	17.62	1033.62	1024.57	1018.16	1004.87	886.16
27	Health and Household Products (9)	727.69	+0.6	6.19	2.94	19.14	723.36	725.96	722.52	717.50	712.89
29	Leisure (25)	585.53	+0.2	8.69	4.64	14.86	584.21	579.39	576.27	573.81	463.15
32	Newspapers, Publishing (15)	955.85	+0.4	9.89	4.98	13.21	952.19	956.49	959.56	936.75	576.72
33	Packaging and Paper (14)	199.97	−1.1	10.83	4.96	11.25	202.16	199.90	198.17	197.97	130.32
34	Stores (47)	416.39	—	8.18	3.71	16.66	416.38	414.64	410.34	411.62	381.59
35	Textiles (20)	228.35	+0.4	11.49	5.10	10.52	227.39	220.25	215.38	210.94	174.29
36	Tobaccos (3)	470.66	−0.1	21.17	6.76	5.29	471.09	465.35	463.97	462.99	441.75
39	Other Consumer (9)	440.57	+0.6	5.96	4.75	—	437.84	441.40	442.46	444.57	337.34
41	OTHER GROUPS (84)	401.71	+0.2	8.14	4.30	15.46	400.79	394.76	391.25	389.59	270.85
42	Chemicals (15)	567.60	−0.3	7.96	4.46	16.44	569.37	568.56	559.27	561.05	340.98
44	Office Equipment (6)	113.09	+0.1	8.61	4.55	14.63	112.96	112.90	110.85	109.76	92.22
45	Shipping and Transport (14)	794.64	+1.5	7.98	5.11	16.93	782.65	776.65	766.58	762.12	540.69
46	Miscellaneous (49)	527.24	+0.4	8.28	3.95	14.46	525.02	515.63	508.92	503.76	389.56
49	INDUSTRIAL GROUP (485)	450.01	+0.2	9.60	4.19	13.01	448.96	445.94	442.63	441.46	401.68
51	Oils (15)	959.39	−1.4	11.74	6.22	10.34	973.32	972.28	968.46	962.11	705.87
59	500 SHARE INDEX	492.68	—	9.95	4.53	12.48	492.91	490.06	486.71	485.62	426.83
61	FINANCIAL GROUP (124)	353.78	+0.9	—	5.44	—	350.66	345.16	340.45	336.60	262.21
62	Banks (6)	368.04	+2.8	23.52	6.99	4.64	355.85	348.89	347.22	341.13	262.60
63	Discount Houses (8)	342.65	+0.7	—	7.96	—	340.25	333.55	326.26	324.29	319.77
65	Insurance (Life) (9)	485.73	+0.7	—	4.63	—	482.30	472.43	461.55	452.51	357.40
66	Insurance (Composite) (10)	245.60	−1.5	—	6.25	—	249.36	244.70	237.20	234.83	173.36
67	Insurance Brokers (7)	616.77	+4.8	11.01	4.71	12.45	588.66	579.39	576.96	570.66	513.42
68	Merchant Banks (12)	214.40	+1.1	—	4.90	—	211.97	208.05	202.83	200.46	160.04
69	Property (54)	500.64	−0.2	5.04	3.00	22.87	501.45	500.93	498.21	496.58	389.85
70	Other Financial (18)	251.34	+2.2	11.10	5.35	10.85	245.97	242.97	240.17	239.50	181.48
71	Investment Trusts (108)	451.76	+0.8	—	3.97	—	448.02	446.40	444.16	442.28	340.22
81	Mining Finance (4)	276.05	+0.2	10.04	5.20	12.19	275.51	272.95	272.30	269.40	213.45
91	Overseas Traders (14)	468.46	+0.7	7.80	8.13	18.53	467.86	468.14	468.32	468.04	371.48
99	ALL-SHARE INDEX (750)	457.60	+0.2	—	4.70	—	456.88	453.40	449.97	448.12	382.25

FIXED INTEREST

	PRICE INDICES	Tues Nov 15	Day's change %	Mon Nov 14	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	117.80	−0.09	117.91	—	10.30
2	5-15 years	133.95	−0.17	133.50	—	12.04
3	Over 15 years	[illegible]	[illegible]	[illegible]	—	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	—	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	—	[illegible]
6	Debentures and Loans	[illegible]	[illegible]	[illegible]	—	[illegible]
7	Preference	[illegible]	[illegible]	[illegible]	—	[illegible]

	AVERAGE GROSS REDEMPTION YIELDS		Tues Nov 15	Mon Nov 14	Year ago (approx)
	British Government				
1	Low	5 years	9.51	9.50	8.11
2	Coupons	15 years	9.72	9.67	9.76
3		25 years	9.62	9.60	9.94
4	Medium	5 years	10.09	10.76	10.30
5	Coupons	15 years	10.48	10.44	10.88
6		25 years	9.97	9.93	10.42
7	High	5 years	10.41	10.89	10.45
8	Coupons	15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]
11	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
12		15 years	[illegible]	[illegible]	[illegible]
13		25 years	[illegible]	[illegible]	[illegible]
14	Preference		[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$375	5	11	64	24	—	—	$383.60
GOLD C	$400	35	0.20	35	10.10	6	21	"
GOLD C	$425	2	0.10	31	4.10	3	12.50	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 11,832
A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
Brit. Petroleum (*422)						
390	44	54	60	6	12	20
420	20	32	38	18	30	36
460	6	15	20	44	64	56
Cons. Goldfields (*489)						
[illegible]	[illegible]	[illegible]	94	15	25	37
[illegible]	[illegible]	[illegible]	65	34	47	57
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Imperial Group (*133)						
110	24	26	27	0½	1½	2
120	14	17	19	0½	2½	4
130	4	9	12	2	6	7
140	1½	5	6½	8	10	12
LASMO (*261)						
300	1½	15	23	43	48	52
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Nov. 15. Total Contracts 3,586. Calls 2,345. Puts 1,241
* Underlying security price.

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99¾	96¼	Funding 5½pc '82-84‡‡	99¾	......	5.54	9.38
101¼	99½	Exch. 11¼pc 1984	100½	......	11.19	8.79
104¾	100½	Exchequer 14pc. 1984	102¼xd	–⅛	13.68	9.23
97	92½	Exch. 3pc 1984	96⅝xd	–⅛	3.10	8.44
102½	100½	Treasury 12pc 1984	102¼	–⅛	11.74	9.23
107½	104½	Treasury 15pc 1985	105⅝	......	14.19	9.97
107	101⅛	Exch. 12pc Cnv. '85	102½	–⅛	11.69	9.79
93⅞	88⅝	Treasury 3pc 1985	93⅝xd	–⅛	3.19	7.40
102½	99⅝	Treasury 11½pc 1985	102⅜	–⅛	11.24	9.98
102	95	Treas 8¾pcCnv '85	98¼	–⅛	8.91	9.78
103¼	100⅛	Exch. 12¼pc 1985	103⅝xd	–⅛	11.82	10.28
102⅞	99⅛	Exch. 11¼pc '86	102⅛	–⅛	11.43	10.27
102¾	97¼	Treas 10pc Cnv 1986	102½	–¼	9.76	8.79
88½	85⅝	Treasury 3pc 1986	88⅞xd	–⅛	3.38	7.99
101½	97⅛	Exch. 10½pc Cv '86	100⅞xd	–⅛	10.41	10.10
103½	100⅛	Treasury 12pc '86	103⅛xd	–⅛	11.62	10.52
96⅛	94⅝	Treasury 8½pc '84-86‡‡	96⅛	–⅛	8.82	10.06
114	103¼	Treas. 12¾pc '86 Cnv.	110¼	–¾	11.06	7.67
109⅛	105⅛	Exch. 14pc 1986	108⅛	–⅛	12.95	10.69
107¾	103⅝	Exch. 13¼pc 1987	106⅛	–⅛	12.46	10.78
100⅛	95⅞	Treas 10¼pc Cnv '87	99⅞	–⅛	10.27	10.27
84⅛	80¼	Exchequer 2½pc 1987	83	–⅛	3.02	8.55
100⅛	95⅞	Exch. 10½pc 1987	99⅝	–⅛	10.54	10.61
93¼	88⅝	Funding 6½pc '85-87‡‡	91	......	7.14	9.62
98½	96	Treas 10pc 1987	98⅛	–⅛	10.20	10.65
86	80¼	Treasury 3pc 1987	82½	......	3.64	8.67
104⅝	99⅞	Treas 12pc 1987	103⅞	–⅛	11.61	10.76
93¼	89⅝	Treasury 7¾pc '85-88‡‡	91⅝	......	8.46	10.23
100½	95½	Exch 10½pc '88	99⅛	–⅛	10.55	10.63
61⅞	59⅛	Treas 9¼pc CV'88 (£60pd)	61⅛	–⅛	9.93	10.32
81½	75¾	Transport 3pc '78-88	79½	......	3.77	8.44
96¼	90¼	Treas. 9½pc '88	95⅛	–⅛	9.95	10.66

Five to Fifteen Years

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
105¼	95¾	Treasury 11½pc 1989	105¼	–⅛	11.23	10.86
103	94¼	Treas 10½pc 1989	98xd	–⅛	10.63	10.80
—	—	*Exch 10pc 1989 (£20pd)*	£97	......	10.31	10.71
83¾	76	Treasury 5pc '86-89	82⅛	–⅛	6.12	9.86
113⅞	103	Treasury 13pc 1990‡‡	113⅞	......	11.88	10.83
109⅞	100⅝	Exch. 12½pc 1990	109⅛	......	11.66	10.88
93¼	86¼	Treasury 8¼pc '87-90‡‡	90⅛xd	–⅛	9.05	10.13
108¼	97	Treasury 11¾pc 1991	107⅜	–⅛	11.35	10.96
83	74⅝	Funding 5¾pc '87-91‡‡	81⅛	–⅛	7.15	9.40
103	95⅞	Exch. 11pc 1991	101⅛xd	–⅛	10.88	10.78
114⅞	102	Treasury 12¾pc '92‡‡	113⅞	–⅛	11.61	10.89
100	88¼	Treasury 10pc 1992	99⅝	–⅛	10.28	10.49
110¼	98½	Exch. 12¼pc '92	109⅞	......	11.44	10.95
116	106½	Exchequer 13½pc '92	115½	–⅛	11.99	11.06
113⅞	101¼	Treasury 12½pc '93‡‡	113¼	–⅛	11.46	10.93
79⅞	71	Funding 6pc 1993‡‡	78⅝	–⅛	7.73	9.56
120¼	110½	Treasury 13¾pc 1993‡‡	116⅛xd	–⅛	11.79	10.97
125¾	112⅝	Treasury 14½pc '94‡‡	124⅝	–⅛	11.92	10.94
117⅞	109⅝	Exchequer 13½pc 1994	115¼	–⅛	11.74	11.03
113⅞	100½	Exch. 12½pc 1994	112½	–⅛	11.41	10.95
94⅝	86¼	Treasury 9pc '94‡‡	92¼xd	–⅛	9.75	10.18
112	98	Treasury 12pc '95	110⅞	–⅛	11.20	10.87
65¾	61½	Gas 3pc '90/95	64⅝	–¼	4.67	7.77
101¼	88¾	Exch. 10¼pc 1995	101⅛	......	10.48	10.57
116⅝	106⅛	Treasury 12¾pc '95‡‡	113¼xd	–⅛	11.26	10.76
126⅛	110	Treas. 14pc '96	124⅝	–⅛	11.68	10.98
93¼	83½	Treasury 9pc '92/96‡‡	93⅝	–⅛	9.80	10.17
133⅝	121¼	Treasury 15¼pc '96‡‡	129⅞	–⅛	11.84	10.95
121⅛	109¼	Exchequer 13¼pc '96‡‡	117⅝xd	–⅛	11.29	10.78
70	58	Redemption 3pc 1986-96	69⅝	–¼	4.32	6.56
123⅝	107	Treasury 13¼pc '97‡‡	121⅞	–⅛	11.26	10.71
103⅞	89½	Exchequer 10½pc 1997	103	–¼	10.45	10.42
92	80½	Treasury 8¾pc 1997‡‡	91¼	–⅛	9.78	10.18
131⅝	120¼	Exch. 15pc 1997	129⅝	–¼	11.67	10.95
78⅝	69½	Treasury 6¾pc '95-98‡‡	76⅝	–¼	8.84	9.85
137⅞	124¼	Treas. 15½pc '98‡‡	135½	–¼	11.61	10.89

Over Fifteen Years

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
114½	101	Exch. 12pc 1998	110⅝xd	–⅛	10.83	10.55
98½	86¼	Treasury 9½pc 1999‡‡	98⅝	–⅛	9.98	10.12
115⅝	103¼	Exch. 12¼pc 1999	114⅝	–⅛	10.78	10.56
104⅝	92¼	Treasury 10½pc 1999	101¼xd	–⅛	10.36	10.33
124¼	106	Treas. 13pc 2000	123¼	–⅛	10.90	10.51
128⅞	113¾	Treas. 14pc '98-01	123⅝xd	–⅛	11.33	10.73
116⅝	99¼	Exch. 12pc '99-02	115⅝	–⅛	10.76	10.45
130	111	Treas. 13¾pc 2000-03	128⅝	–½	11.06	10.60
113⅝	99⅝	Treasury 11½pc '01-04	112½	–⅛	10.39	10.17
50⅝	43½	Funding 3½pc '99-04	50⅝	......	7.08	8.91
122⅛	106½	Treasury 12½pc '03-05	118⅝xd	–⅛	10.51	10.25
87½	77¼	Treasury 8pc '02-06‡‡	85¾	–⅛	9.43	9.65
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—continued

Financial

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
97½	92	Inv in Ind 6¼pcDb '81-'84	96¼xd	+¼	6.50	10.50
106½	96¼	Do. 10½pcUnLn '86	103½	+½	10.55	10.85
104	96½	Do. 11pc Uns.Ln. '88	103½	......	11.07	11.20
104½	97½	Do. 11¼pc Uns Ln. '90	104½	+½	11.76	11.80
107½	91½	Do. 12¾pc Un. Ln. 1992	107½	......	11.86	11.50
81½	74½	Do 7¼pc A Deb '89-92	78½xd	+½	9.68	11.80
78½	70½	Do. 7¼pcADeb. '91-94	78½	+½	9.47	11.00
88½	80½	Do. 9% A '91-'94	88½	......	10.36	11.10
88½	72⅛	Do. 8⅞pcLn. '92-97	88½	+1	10.34	10.80

Building Societies

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100⅝	98	N'wide 9⅞pc 28.11.83	100⅛xd	......	9.87	9.32
100½	99⅝	Do. 11¼pc 19.12.83	100⅛	......	11.24	9.65
100⅝	99	Do. 11⅞pc 23.1.84	100⅝	......	11.83	9.27
100⅝	100	Do. 11⅞pc 13.2.84	100½	......	11.82	9.45
100½	99	Do. 11¼pc 19.3.84	100½	......	11.17	9.07
100⅝	99⅞	Do. 11¼pc 9.4.84	100⅝xd	......	11.17	9.27
100⅝	99½	Do 10½% 30/4/84	100⅝xd	......	11.18	9.25
100⅝	99⅝	Do 10⅞% 29/5/84	100⅞xd	......	10.78	9.28
100⅞	99½	Do. 10⅞pc 18.6.84	100⅞xd	......	10.77	9.27
100½	99½	Do. 10⅝pc 9.7.84	100½	......	10.51	9.66
100⅝	99¼	Do. 10⅞pc 30.7.84	100⅝	......	10.81	9.84
100⅝	100⅛	Do. 11¼pc 20/8/84	100⅝	......	11.14	9.86
100¼	99⅞	Do. 11pc 3/9/84	100¼	......	10.92	9.78

FOREIGN BONDS & RAILS

1983 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
15	8	Chinese 4½pc 1898	13	......	—	—
11	10	Do. 5pc 1912	10	......	—	—
11	8	Do. 5pc 1913	9	......	—	—
8	5½	Do. 5pc '25 Boxer	7½	......	—	—
48	40	Greek 7pc Ass.	40xd	......	3½	17.29
46	41	Do. 6pc 28 Stb. Ass.	46	......	3	16.59
44	38	Do 4pc Mixed Ass.	44	......	2	14.60
34	27	Hung. '24 Ass.	32½	......	2¼	8.85
122½	102½	Hydro Quebec 15pc Ln 2011	119xd	+½	15	12.45
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

FT LONDON SHARE INFORMATION SERVICE

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

Tins

Miscellaneous

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	26	Admiral Mines	26	−4	—	—	—
90	34	♥Anglo-Dominion	75	......	—	—	—
93	54	♥Anglo Utd. Dev.	62	......	—	—	—
172	60	♥Colby Res Corp.	120	......	—	—	—
550	315	Cons. Murch. 10c.	550	+10	‡Q60c	1.9	‡
240	170	Hampton Areas 10p	195	−3	3.75	2.1	2.6
215	103	♥Highwood Res	130	......	—	—	—
£24½	£17½	Homestake Mining $1	£25⅞	+⅛	Q20c	—	0.7
495	275	Northgate C$1	295	−10	—	—	—
672	437	R.T.Z.	580	......	17.0	2.9	4.2
£147½	£108	[illegible]	£128	+½	Q9½%	32.5	(7.6
190	13	♥Sabina Inds C$1	78	+3	—	—	—
750	312	♥Tara Explo $1	725	+25	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv. 20p.	62	...	Fin 13% 97/02	£95½	...
Bdg'wtr. Est. 50p.	295	...	Alliance Gas	65	...
Craig & Rose £1	£10½	...	Arnott	285xd	−½
Finlay Pkg. 5p	37	−2	Carroll (P.J.)	99	...
Higsons Brew	85	+2	Concrete Prods.	80	+5
Holt (Jos) 25p	910	...	Heiton (Hldgs.)	17	...
I.O.M. Stm. £1	127	...	Irish Ropes	34½	...
IRISH			Jacob	79xd	...
Exch. 12% 1985	£99⅛	+⅛	T.M.G.	85	...
Nat 9¾% 84/89	£88¾	...	Unidare	75	...

OPTIONS

3-month Call Rates

Industrials					
Allied Lyons	13	House of Fraser	20	Utd Drapery	22
BOC Grp.	20	I.C.I.	45	Vickers	12
B.S.R.	29	"Imps"	11	Woolworth Hld.	30
Babcock	15	I.C.L.	7	**Property**	
Barclays Bank	45	Ladbroke	22	Brit. Land	8½
Beecham	32	Legal & Gen	45	Cap Counties	14
Blue Circle	45	Lex Service	32	Land Sec.	28
Boots	16	Lloyds Bank	48	MEPC	20
Bowaters	22	"Lots"	4	Peachey	16
Brit. Aerospace	19	London Brick	10	Samuel Props.	11
B.A.T.	24	Lucas Inds	15	Town & City	4
Brown (J.)	3½	"Mams"	14	**Oils**	
Burton Ord.	35	Mrks. & Spncr.	20	Brit. Petroleum	38
Cadburys	11	Midland Bank	40	Burmah Oil	17
Courtaulds	10	N.E.I.	10	Charterhall	9
Debenhams	14	Nat. West. Bank	55	KCA	6
Distillers	20	P & O Dfd	21	Premier	6
Dunlop	6	Plessey	19	Shell	55
Eagle Star	45	Racal Elect.	20	Tricentrol	22
F.N.F.C.	5½	R.H.M.	7	Ultramar	65
Gen. Accident	42	Rank Org. Ord.	20	**Mines**	
Gen. Electric	18	Reed Intnl	32	Charter Cons.	28
Glaxo	75	Sears	8	Cons. Gold	58
Grand Met.	30	T.I.	13	Lonrho	9
G.U.S. "A"	50	Tesco	17	Rio T. Zinc	62
Guardian	45	Thorn EMI	56		
G.K.N.	16	Trusthouse	16		
Hawker Sidd.	28	Turner & Newall	7		
		Unilever	70		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Stratton Trust	375.6	391.4	.....	3.85
Do. Accum.	544.6	567.5	.....	3.85

Next sub day Nov 22 (by noon)

Bishopsgate Progressive Mgmt. Co.
66 St James's Street, SW1A 1NE. 01-493 8111.

B'gate Prog Nov 8	471.2	507.7	.....	2.88
Acc Units Nov 8	621.5	669.8	.....	2.00
B'gate Int Nov 15	598.0	635.9	+16.4	1.30
Accum Nov 15	711.6	756.7	+18.5	1.30
Beckman Nov 9	136.0	142.1	.....	—
Can. & For. Nov 10	74.8	80.0xd	.....	2.05
Accum Nov 10	76.2	81.5	.....	2.05

Mid Mount High Inc.*	52.5	54.6	+0.3	7.72
Recovery	82.5	88.8xd	−0.3	2.17
Gilt Trust	39.8	41.2xd	−0.3	9.52

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492

Cres. American	62.2	67.3xd	+0.4	0.82
Cres. Capital	43.6	47.0	+0.5	1.86
Cres. Growth & Inc.	75.2	81.2	+0.3	5.08
Cres. High. Dist.	59.8	64.5xd	+0.3	7.56
Cres. International	121.3	131.0	−0.6	1.05
Cres. Resources	25.0	26.9	+0.1	2.23
Cres. Tokyo	78.4	84.6	+0.3	0.30

Japan Trust	54.1	58.2	+0.3	0.29
Oil & Energy Trust	30.8	33.1	+0.3	1.48
Special Sits. Tst.	48.5	52.1	+0.6	2.22
UK Sm. Co. Rec. Trust	34.5	37.3xd	.....	1.73

Govett (John) Unit Mngt. Ltd.
Winchester Hse, 77, London Wall, EC2 588 5620

Govett American	47.5	51.3	+0.4	0.20
Govett Gold & Min	—	50.0	.....	2.25
Govett Japan	54.9	58.3	+0.5	0.26
Stockholders*	245.7	261.2	.....	1.49
(Accum Units)*	324.5	345.3	.....	1.49
Stckhlds Europe*	82.2	86.4	.....	1.28

*Prices on Nov 4. Next dealing Nov 18.

Stock Exchange Page Sat.

Legal & General (Unit Tst., Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dist.	160.5	173.5	+1.1	2.4
Equity Acc.	236.2	255.4	+1.6	2.4
Gilt	63.6	67.1xd	−0.4	4.77
Int Managed	49.8	53.8	+0.1	1.93

Leonine Administration Ltd.
20 Copthall Ave, EC2R 7JS. 01-600 7595

Leo Distribution	232.6	246.8	.....	0.18
Leo Accum.	277.1	294.8	.....	0.30

(Accum Units)	136.3	147.3	+0.9	5.10
Japan and Pacific	108.8	117.2	+0.7	0.38
(Accum Units)	113.0	121.8	+0.6	0.38
North American	79.5	85.7	−0.3	1.41
(Accum Units)	92.5	99.7	+0.2	1.41
Overseas Growth	71.4	77.2xd	.....	0.92
(Accum Units)	84.2	91.0	+0.4	0.92
Smaller Cos.	64.7	69.9	+0.2	2.03
(Accum Units)	65.5	70.8	+0.2	2.03

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

Minster	70.7	73.7	−0.2	5.01
Exempt Oct 31	150.5	156.5	.....	5.96

High Interest	129.0	150.8	.....	11.14
Far East Nov 8	94.5	97.5	.....	0.51

Royal Life Fd. Mgmt. Ltd.
New Hall Place, Liverpool L69 3HS 051-227 4422

Equity Trust	34.2	36.7xd	+0.1	3.30
International Trust	42.2	45.3	+0.4	0.85

Royal London Unit Tst Mgrs Ltd
72-80 Gatehouse Rd. Aylesbury. 0296 5941

Capital Accum Trust	105.2	113.3	+0.5	3.00
American Growth Tst	48.7	52.4	+0.2	0.96
Income & Growth Tst	47.4	51.0	.....	6.86
Special Situations Tst	47.3	50.9	.....	0.98

Equity Ex Acc Nov 15	756.3	796.3	+18.5	4.59

Touche, Remnant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4. 01-248 1250

TR American Growth	23.6	25.4	.....	0.5
TR General Growth	27.8	29.8	+0.1	2.31
TR Income Growth	30.5	32.8	+0.1	6.11
TR Income Monthly	32.7	35.1	.....	9.00
TR Overseas Growth	31.5	33.9	+0.2	1.63
TR Special Ops.	27.2	29.2	+0.1	2.51

Trades Union Unit Trust Managers
100, Wood Street, E.C.2. 01-628 8011

TUUT Nov 1	89.8	95.6	.....	4.38

Financial Accum.	122.0	128.5	+1.2
Do. Initial	118.5	124.8	+1.1
'500' Accum.	114.3	120.4	+0.5
Do. Initial	110.9	116.8	+0.5
Grestr. Pac. Accum.	147.5	155.3	+1.1
Do. Initial	142.2	149.7	+1.0
Income Accum.	118.8	125.1	+0.9
Do. Initial	114.6	120.7	+0.8
Man. Pens. Accum.	286.6	301.8	+4.4
Do. Initial	203.4	214.2	+3.7
Gilt-Edg.Pens. Accum.	217.5	229.0	+4.2
Do. Initial	172.7	181.8	+3.2
Money Pens. Accum.	188.2	198.2	+0.9
Do. Initial	151.2	159.2	+0.1

INSURANCES

Authorised Units—continued

Atlanta Unit Managers Ltd
1 Founders Ct, Lothbury, EC2. 01-600 8664

Jap&FarE'st	46.9	50.3	....	1.0

Baillie, Gifford & Co Ltd
3 Glenfinlas St, Edinburgh, 031-225 2581

JapExNov9	140.3	147.1	...	0.34
IntEx*Nov2	224.6	237.2	...	1.52
BGPPntD15	214.2	225.5	...	—

†Next dealing day.
*Unauthorised.

Equity & Law Un Tst Mngrs (a) (b) (c)
Amersham Rd, High Wycombe. 0494 33377

Euro Tst Acc	61.2	65.8	+0.3	1.58

Robert Fleming & Co Ltd
8 Crosby Square, EC3A 8AN. 01-638 5858

AmErFd*	£257.53	263.31	...	0.89
JapEqFd*	£159.65	164.65	...	1.16

Next subscription day Nov 1 1983.
*Fleming American Property Unit Trust.
Latest issue price (15/11) US$10 621.
Units are issued on Feb 15, May, Aug, Nov.
*Fleming Property Unit Trust.
Latest issue price (29/9) £2.070.
Units are issued on March 25, June 24, Sept 29 & Dec 25.
*Unauthorised.

Guardian Royal Ex Unit Mngrs Ltd (a)
Royal Exchange EC3V 3LS. 01-638 2020

Gilt & Fixed	116.5	121.1	−0.1	9.62
Growth Eq	101.8	109.5xd	+0.1	2.50
Guardhill	186.4	193.7	−0.2	3.28
Nth Amer	95.3	102.5xd	+0.6	1.83
Pacific	104.6	112.5xd	+0.8	0.38
Prop Shares	104.8	112.7	+0.9	2.06
Smaller Cos	108.3	116.5xd	+1.4	2.06

H.B.L. Unit Trust Mngrs Ltd (a) (c) (g)
Premier NT Admin, 5 Rayleigh Rd, Hutton, Brentwood, Essex. 0277-227300

SmllrCosTst	52.5	55.3	+0.1	4.27
Noth Amer	48.5	51.0xd	−0.4	1.55
Japan Far Tst	53.3	56.1xd	+0.1	1.3
Scandinvn Tst	48.5	51.1	+0.2	1.47

Hexagon Services Ltd
4 Gt St Helens, London EC4P 3EP. 0708 45322

AustnFrs	110.2	116.0	+3.1	2.43
Brewin Cap	80.9	85.2	...	0.62
Brewin Int	74.8	78.8	...	3.99
Canada Grw	107.5	115.6	...	0.98

Lawson Fund Managers Ltd (a) (c) (g)
43 Charlotte Sq, Edinbgh 2. 031-225 6001

Charitt Sq Fd	55.6	57.6	—	4.5
Pen Shr Fd	14.0	15.0	+1.6	1.8
Aust & Pac	8.1	9.0	...	0.5
High Yield	19.2	21.7xd	...	11.00
Do Accum	20.6	21.1xd	—	11.00

London & Manchester (Tst Mgmt) Ltd
72-80 Gatehouse Rd, Aylesbury. 0296 5941

Gen Tst	—	25.0	—	—

MGM Unit Managers Ltd
MGM House, Heene Road, Worthing. 01-623 8211

High Inc	126.9	136.4	+0.6	6.69
(Accum Uts)	137.8	142.8	+0.6	6.69
UK Growth	121.4	130.5	+1.0	3.23
(Accum Uts)	122.9	132.2	+1.0	3.23

MLA Unit Trust Management Ltd
Old Queen St, SW1A 9JG. 01-222 8576

MLA Uts	189.8	199.2	+3.0	2.68
MLA Itn	28.5	29.9	+0.6	0.83

The Money Market Trust
63 Qn Victoria St, EC4N 4ST. 01-236 0952

7 Day Fund	—	—	....	8.92
Call Fund	—	—	....	8.84

*Unauthorised—Sterling Deposit Fund.

Scottish Unit Managers Ltd
29 Charlotte Sq, Edinburgh. 031-226 4372

Pacific Fund	25.5	27.6	+0.2	0.30
World Growth	23.4	25.3xd	+0.1	2.36
Nth Amer	24.5	26.3	+0.2	0.37
Income Fund	24.1	26.1xd	—	4.86

Offshore and Overseas—continued

Actibonds Investment Fund SA
37 rue Notre Dame, Luxemb'rg. Tel 47971

Actibonds In	—	$19.85	....	—

Alliance Capital Management Intl Inc
62 63 Queen St, London EC4. 01-248 8881
Alliance International Dollar Reserves
Distribution Nov 1-6 (0.001397) (8.67%)

HealthCrNov9	—	$8.50	....	—
TechnologyNv9	—	$20.51	....	—
QuaserNov9	—	$45.54	....	—

Aries Fund Managers Ltd
PO Box 284, St Helier, Jersey. 0534 72177

SterlingFixedInt	10.56	10.61	—

Bamford Brandt Guernsey Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481 26541

Tech&Coms	£7.65	8.12	....	—
IntGrowth	$16.32	17.32	....	—

Brown Shipley Tst Co (Jersey) Ltd
PO Box 583, St Helier, Jersey. 0534 74777

StlgCapital	£16.46	16.47	....	—
IntCurrency	£1.08	1.14	....	—
IntBondInc	$10.34	10.89	....	—
IntBondAcc	$10.34	10.39	....	—

CAL Investments (IoM) Ltd
16 St Georges St Douglas IoM. 0624 20231

CAL C&C*	83.6	88.0	....	—
CAL Metals	94.6	99.6	....	—
CAL Stv**	224.9	239.0	+4.5	—
CAL Gld**	89.0	93.7	+0.1	—
CAL Copper**	—	—	....	—
CAL Alum**	89.1	93.8	+1.4	—

*Dealing days every Monday.
**Dealings daily.

CAL Investments (Bermuda) Ltd
PO Box 1022, Hamilton, Bermuda. (809-29) 5-5950

CAL CTR Fd	68.2	71.6	....	—

Dealing days every Monday.

Commodity Advisory Svcs (IoM) Ltd
48 Athol St, Douglas, IoM. 0624-20845

Com&FFAc	84.23	87.74	....	—
Com&FFD	84.23	87.84	....	—

Next dealing date Oct 3.

Citibank (CI) Ltd "Citifunds"

Channel Is Transatlantic Inv Funds Ltd
Green St, St Helier. 0534-70334

U.S. $ Fd	$10.379	+0.002	—
£ Sterling Fd	£5.188		—
SwFrancFd	SwFr20.209	+0.001	—
Jap Yen Fd	Y2,045.087	+0.284	—
Deutschmk Fd	DM20.310	+0.002	—
Managed Fd	$10.137	−0.001	—
Citicare Fd	$9.390	....	—

Dunvest Ltd
PO Box 887, Grand Cayman.

NAV	$163.20	....	—

EBC Trust Company (Jersey) Ltd
1-3 Seale St, St Helier, Jersey. 0534-36331

US$ Dep Sh'r'A	1.2990	+0.0005	8.91
Do Dist	1.0170	+0.0004	8.91
Mxd Cur Sh'r'B	1.1340	−0.0018	7.40
Do Dist	0.9437	−0.0015	7.40
Eurobd Lng Tm	23.60	−0.06	12.26

Fidelity International
8 Bond St, St Helier, Jersey. 0534-71696
D'iers 33201. PO Box 670, Hamilton, Bmda

DllrsvgsTst	107.08	....	8.92
AmVI$3‡	102.75	....	—
AM VICm‡	53.52	....	—

‡ Prices at Oct 31.

First Gold & Metals Trust PLC
60 St James's St, London SW1. 01-499 4341

First Gold	8.24	....	—

Forbes Securities Management Co
PO Box 887, Grand Cayman, BWI. London Agents 01-839 3013

Gold Inc	$9.31	9.81xd	....	12.8
Gold Acc	$7.71	8.12	....	—
Dollar Inc	$8.95	9.30xd	....	13.5

Framlington Overseas Fund Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481 26541

O'seas&Gth	49.5	52.2xd	....	4.00
O'seas&Gth	$73.5	77.6xd	....	4.00

GRE International Invest Mngt Ltd
PO Box 194, St Helier, Jersey 0534 27441

ManCurFd	—	£10.23	....	—

Grieveson Mngt (CI)—Barrington Fund
30 Bath St, St Helier, Jersey. 0534-75161

IntIncNov10	94.2	98.3xd	....	5.22

Grindlay Henderson Mngt Ltd
PO Box 414, St Helier, Jersey. 0534-74248

Mgd Fd	£10.4644	10.9876	+0.0156
Mgd Acc	£9.9253	10.4216	+0.0148
Stlg Fd	£10.3184	....	+0.0024
Stlg Acc	£10.2748	....	+0.0022
U.S. $ Fd	$20.6191	....	+0.0051
U.S. $ Acc	$20.5532	....	+0.0053
DM Acc	DM50.6274	....	+0.0060
SwFrAcc	SwFr50.5316	....	+0.0060
Yen Acc	Y5,085	....	+1

Guinness Mahon Intl Fund (Guernsey)
PO Box 188, St Peter Port, Guernsey. 0481 23506
Currency Deposit Shares

Dollar	$20.219	+0.005	—
Sterling	£10.10	+0.003	—
Yen	Y5,030.32	+0.653	—
Deutschmark	DM50.247	+0.005	—
SwissFranc	SwFr40.089	+0.001	—

IGF Management Services Inc
c.o Registrars PO Box 1044 Cayman Is. BWI

IntGoldFd	$58.39	61.83	+5.89	—
Optima	—	—	....	—

Jardine Fleming & Co Ltd
46th Floor, Connaught Centre, Hong Kong.

Curr Bd	$12.68	13.30	....	9.3
(Accum)	$17.64	18.23	....	—
Asean	$9.51	10.27	....	—
(Accum)	$9.51	10.27	....	—
American	$8.58	9.22	....	—
(Accum)	$8.58	9.22	....	—
Mgd Curr	$10.04	—	....	9.50
(Accum)	$10.04	—	....	—

Lazard Brothers & Co (Jersey) Ltd
PO Box 108, St Helier, Jersey, CI. 0534 37361

LazBrFarE	$13.99	14.78		1.00
CpGBd	$1,386.97	1,404.06	+14.76	10.2
D'feldBBd	$10.30	10.26	+0.04	5.0
N Am Fd	$10.52	11.20	+0.43	—

Lloyds Bank International, Geneva
PO Box 438, 1211 Geneva 11 (Switzerland)

L I Dollar	$98.9	102.1	−0.8	10.3
L I Grwth	SF861.5	939.5	+21.5	1.6
L I Inv	SF301.0	312.5	+0.5	—
LI Pacific	SF105.1	110.9	+0.4	1.4

Lloyd's Life (Isle of Man) Ltd
Bridge Hse, Castletown, IoM. 0624 824151

SAIF	96.0	100.0	...	—

Management International Ltd
Bk of B'muda Bldgs, B'muda. 809-295-4000

Bda IBFC	$16.52	16.70	....	—
Bda IBFI	$11.29	11.41	....	—

Prices on Nov 4. Next dealing Nov 11

Bda IEFC	$9.59	9.79	....	—
Bda IEFI	$9.54	9.74	....	—

Prices at Nov 9. Next dealing Nov 16

Manufacturers Hanover Geofunds
PO Box 92, St Peter Port, Guernsey. 0481 23961

LA Inc	$104.93	105.15	....	9.07
LT Acc§	$126.60	126.86	....	9.87
MIT Inc	$110.98	111.95	....	6.31
MIT Acc§	$126.43	127.07	....	9.33

Geofund International Reserves Ltd

Sterling	L5.120	+0.001	8.39
U.S. $	$10.248	+0.002	8.72
D-Mark	DM20.246	+0.003	4.80
Swiss Franc	SwFr20.174	+0.002	3.44
Jap Yen	Y2,030.1	+0.3	5.87
Managed Fund	$10.283	+0.002	10.99

Marine Midland (CI) Ltd
140 B'way NY 10015 USA. 212-440-1000
Queens Hse, Don Rd, St Helier. 0534 71460

Intercurrncy	$1,043.729	....	—

Next sub day Nov 17.

Samuel Montagu London Agents
114 Old Broad St, EC2. 01-626 3434

ApNov10	SF87.55	95.00	....	1.43
JaSp15	HK$39.70	42.98	....	0.13
117GpA31	$17.82	19.17	....	1.35
JsyFdOc28	£13.47	14.91	....	—
MontERNF	$10.37	10.97	....	—
U.S. FIF	$9.65	10.16	....	—

Nat Westminster Jersey Fd Mngrs Ltd
23/25 Broad St, St Helier, Jersey. 0534 70041
County Bank Currency Fund Ltd (x)

Dollar class	$20.9616	+0.0040	—
Sterling class	£10.4301	+0.0024	—
D-mark cl	DM50.9586	+0.0062	—
DutchGdr	DFl5,135.1280	+0.8169	—
Jap Yen cl	Y5,134.3111	....	—

Norcap Fund Managers (Bermuda)
Bank of Bermuda Building, Bermuda. 809 29 5400

Amer Tst	$9.53	9.88	....	—

Perpetual UT Managers (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534 74517

Offshr Gr	$1.133	1.206	+0.101	2.00

Rothschild Asset Management (CI)
St Julian's Ct, St Peter Port, Guernsey. 0481 26741

Bel Francs	BFr870.90	+0.17	7.59
Canadian $	C$37.5	+0.01	7.83
D-Mark	DM51.34	+0.005	4.63
DutchGuilder	DFl50.915	+0.01	4.73
French Franc	FFr167.73	+0.05	11.14
Italian Lire	L38,162	+16	14.75
Jap Yen	Y6,363.89	+0.93	5.37
Singapore $	S$64.985	+0.015	8.15
£ Sterling	£14.645	+0.003	8.29
Swiss Franc	SwFr46.21	+0.002	1.94
U.S. $	$30.016	+0.005	8.7

OC International Reserves Ltd
Daily dealings
For other Rothschild Offshore Funds see Offshore and Overseas section.

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27561
Schroder Money Funds Ltd.

Sterling	£14.2852	....	—
U.S. Dollar	£26.7366	....	—
D-Mark	DM51.6766	....	—
Swiss Fr	SwFr51.2667	....	—

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, EC2. 01-382 6000

Natas&ThNov7	$52.56	....	—

Standard Chartered Off Money Mkt Fd
PO Box 122, St Helier, Jersey. 0534 74454

Sterling	10.1488	+0.0023	8.68
U.S. Dollar	20.2936	+0.0047	8.39
Deutschmark	50.3778	+0.0061	4.32
Swiss Franc	40.1938	+0.0033	2.77
Japan Yen	5,049.3672	+0.7479	5.64

State St Bank Equity Hldgs NV
Car Mgt Co. 6 John B Gorsiraweg, Curacao.
Net asset value Nov 8 $8.08.

Target Trust Mngrs (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534 27441

Mgd Cur Fd	97.0	102.2	....	—

Tyndall-Guardian Management Ltd
PO Box 1256, Hamilton, Bermuda.

T-G Am	$22.44	....	—
T-G Money	$21.79	....	—
T-G E'bond	$15.46	....	—
T-G Com	$21.02	....	—
T-G Mort	C$20.19	....	—
T-G O'seas	$12.51	....	—
T-G Pacific	Y2,026	....	—
T-G Wall St	$25.66	....	—
T-G Gold	$9.40	....	—

United Fund Managers Ltd
16-18 Queens Road Central, Hong Kong. 5-231-

S&MlyT	$10.11	10.54	....	—

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707-42311
Pension Funds

EqPenFrAC	601.8	633.5	+2.6	—
Fixed PenAc	423.4	445.7	−2.2	—
GtMlnPnAc	248.7	261.7	+0.1	—
Intl Man	251.3	264.5	+2.8	—
JapPensFd	118.6	124.7	+1.0	—
AmP'DdAc	133.1	140.1	+2.0	—
PropPnAc	228.3	240.3	—	—
MotlnPnAc	510.1	536.9	+2.2	—

Capital Life Assurance
24 Ludgate Hill, London EC4P 4BD

Key Inv Fd	—	122.24	....	—
PacemkrInvFd	—	118.47	....	—
Equity Fd	95.0	100.0	....	—
Fxd Int Fd	95.0	100.0	....	—
Property Fd	95.0	100.0	....	—
Cash Fd	95.0	100.0	....	—
Managed Fd	95.0	100.0	....	—

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500

VarAnUtsNv12	—	144.95	....	—
VarAnUtsNv18	—	32.49	....	—
Prime Series				
Managed	125.2	131.8	−0.5	—
UK Equity	127.2	133.9	−1.7	—
IntEquity	121.4	127.8	+1.2	—
Property	102.9	108.4	....	—
Fixed In	111.3	117.2	−0.8	—
Index Lk Gt	90.8	95.6	−0.6	—
Cash	99.3	104.6	....	—
Hand-in-Hand				
Cash	121.2	127.6	....	—
Fixed Int	141.0	138.5	....	—
Property	141.7	149.2	....	—
NatWest	180.5	190.1	....	—

Continental Life Insurance PLC
64 High St Croydon CR0 9XN 01-680 5225

Equity Acc	151.1	159.1	....	—
Propty Acc	148.8	156.7	....	—
Int Acc	146.7	154.5	....	—
ManagdAcc	150.4	158.4	....	—
Spec Sits	114.6	120.7	....	—
PenEqtyAcc	174.3	183.5	....	—
PenPrpAcc	161.2	169.7	....	—
PenIntAcc	138.3	145.6	....	—
PenMgAcc	155.9	164.2	....	—

Gilt Deposit, Index Fund prices available on request.

Crown Life
Crown Life House, Woking GU21 1XW. 04862-5033

PenMnyAcc	125.4	132.0	+0.3	—
PennMnyInt	115.0	121.0	+0.3	—
PECoroutFd	171.8	180.1	....	—
BrewinEqFd	231.8	244.1	....	—
StratInvFd	135.7	142.8	....	—
Heritage Fd	129.5	138.3	....	—
Sage Fd	113.1	119.0	....	—
DBS Mangd	134.4	141.4	....	—

Friends' Provident Life Office
Pixham End, Dorking. (0306) 885055
Life Funds

Cash Accum	97.4	102.6	....	—
UK Eqty Acc	106.6	112.3	+0.7	—
Fxd Int Acc	102.6	108.0	−0.4	—
IndexLkdAcc	94.1	99.1	....	—
Mixd Acc	102.8	108.3	+0.4	—
O'seasEqFd	99.5	104.8	+0.9	—
Property Acc	98.8	104.0	....	—
Pension Funds				
Cash Cap	97.6	102.8	....	—
Cash Acc	99.3	104.6	....	—
UK Eq Cap	102.7	108.2	+0.1	—
UK Eq Acc	104.5	110.1	−0.1	—
FixedIntCap	101.6	107.0	−0.4	—
FixedIntAcc	103.4	108.9	−0.3	—
IndexLkdCap	91.9	96.8	−0.1	—
IndxLkdAcc	93.7	98.7	....	—
Mixed Captl	100.6	105.9	....	—
Mixed Acc	102.5	107.9	+0.1	—
O'seasEqAc	100.5	105.8	+1.0	—
O'seasEqCap	102.3	107.7	+1.0	—
Propty Captl	95.0	100.1	....	—
Propty Acc	96.8	101.9	....	—

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7107
GRE Pensions Management Ltd

PensProInt	129.7	136.5	....	—
PensProAcc	140.8	148.2	....	—
PensIxLkGtIn	94.4	99.3	....	—
PensIxLkGtAc	95.5	100.5	....	—
PensDepInt	137.8	145.1	....	—
PensDepAcc	149.8	157.7	....	—

Henderson Administration
26 Finsbury Sq, London EC2. 01-638 5757

High Inc	140.5	147.9	+0.9	—
Gilt Edged	97.2	102.4	−0.5	—
Cap Growth	142.7	150.3	+0.7	—
Technology	765.1	773.8	+1.7	—
Nat Res'ces	131.4	138.4	−0.3	—
Spec Sits	184.7	194.1	+1.2	—
N America	220.5	232.2	+3.3	—
Far East	181.6	191.2	+1.0	—
Property	116.6	122.8	....	—
Managed	185.8	195.6	+1.8	—
Prime Res	117.4	127.6	....	—
Deposit	182.3	191.9	....	—
Mgd Curncy	94.3	99.3	+0.1	—
Gib Hth Care	93.0	97.9	+0.5	—
Pension Funds				
UK Equit	103.7	109.2	+0.5	—
Fixed Int	112.7	118.7	....	—
Spec Sits	116.9	123.1	+1.0	—
N America	111.9	117.8	+1.9	—
Far East	124.6	131.2	+0.8	—

Managed	113.1	119.1	+1.3	—
Comm Prop	100.9	106.3	....	—
Prime Rest	106.7	112.4	....	—
Deposit	100.9	106.3	....	—

Capital unit prices available on request.

Kinsman Assurance Society
43 Charlotte Sq, Edinburgh. 031-225 6166

Life Assce	200.8	204.9	....	—
Savings Nrw	118.1	120.6	....	—
Savings Wde	178.2	181.9	....	—

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers: Touche Remnant & Co.

Sell Sec A	23.6	24.9	....	—
Blue Chip	17.6	18.6	....	—
Fixed Yield	18.0	19.0	....	—
Grntd Money	14.9	15.7	....	—
Managed	17.1	18.0	....	—
International	22.3	23.5	....	—
Property	13.3	14.1	....	—
Pacific	16.4	17.3	....	—
Equity	13.8	14.6	....	—
Special Sits	19.9	21.0	....	—
International	12.5	13.2	....	—
Indx Lkd Secs	10.6	11.2	....	—
American	17.3	18.3	....	—

London Life Linked Assn Ltd
100 Temple St, Bristol BS1 6EA. 0272-279179

Equity	216.8	225.3	....	—
Fixed Int	167.2	168.0	....	—
Property	166.4	171.3	....	—
Deposit	142.6	142.6	....	—
Mixed	189.9	193.8	....	—
Index Stk	109.6	110.1	....	—
International	112.7	114.9	....	—
London Life Managed Funds Ltd.				
Equity(P)	158.8	164.3	....	—
Fixed Int(P)	172.8	174.0	....	—
Property(P)	122.8	127.2	....	—
Deposit(P)	122.6	122.6	....	—
Mixed(P)	151.8	155.4	....	—
Index Stk	115.7	116.5	....	—
Int Equity	109.4	111.5	....	—

Moneywise Friendly Society
80 Holdenhurst Rd, Bournemouth. 0202 295678

Mnywise Int	48.5	51.6	....	—

Municipal Life Assurance Ltd
99 Sandling Rd, Maidstone. 0622 679351

Equity Fd	95.0	102.0	....	—
Managed Fd	103.0	110.0	....	—

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath. 0444 458721

Nat Res'ces	102.0	108.0	....	—
Property	140.0	148.0	....	—
UK Equity	139.0	147.0	....	—
Intl Equity	122.0	129.0	....	—
Jarrets Fd	95.0	100.0	....	—

Prudential Pensions Ltd
Holborn Bars, EC1 2NH. 01-405 9222
Pru Link Retirement Plan

Managed Fd	144.4	150.5	....	—
Cash Fd	113.9	118.7	....	—

St George Assurance Co Ltd
The Priory, Hitchin, Herts. 0462 57161

Managed Fd	103.4	108.9	....	—
Universal Fd	100.0	105.3	....	—

Save & Prosper Group
4 Gt St Helens, London EC3P 3EP. 0708 66966

DepPenFd*	187.9	198.9		—
Gilt Pen Fd	190.9	202.1	+0.7	—
GlobalEqPen	56.3	58.6	+0.6	—

Scottish Provident Institution
6 St Andrews Sq, Edinburgh. 031-556 9181

Mixed	96.5	101.7	....	—
Equity	97.8	102.9	....	—
International	96.2	101.4	+0.5	—
Property	95.0	100.1	....	—
Fxd Interest	96.2	101.4	−0.6	—
Index Linked	95.3	100.4	−0.4	—
Cash	95.1	100.2	....	—
Pen Mxd Int	96.5	101.7	−0.7	—
Do Ord	96.7	101.9	....	—
Pens Eq Int	97.8	103.0	+0.1	—
Do Ord	97.9	103.1	+0.2	—
Pen Intl Init	96.2	101.4	+0.5	—
Do Ord	96.4	101.6	+0.6	—
Pen Prop Init	95.1	100.1	....	—
Do Ord	95.1	100.2	....	—
Pen Fx Int In	96.3	101.5	−0.7	—
Do Ord	96.4	101.6	−0.7	—
Pen Ind Lk In	95.3	100.4	−0.4	—
Do Ord	95.4	100.5	−0.4	—
Pen Cash Init	95.1	100.2	....	—
Do Ord	95.2	100.3	....	—

Skandia Life Assurance Co Ltd
Frobisher Hse, Southampton. 0703-334411

Managed	153.5	151.6	+0.4	—
Equity	160.6	169.1	+0.4	—
International	175.8	185.2	−0.8	—
N America	106.2	111.8	+0.7	—
N European	103.8	109.1	+0.8	—
Pacific	108.7	114.4	....	—
IntRecovery	115.4	121.5	−0.3	—
Gilt Plus	144.2	151.8	....	—
Property	129.3	136.1	+0.1	—
Deposit	132.1	139.1	....	—
PensManagd	183.0	192.6	+0.5	—
Pens Equity	189.1	199.0	+0.7	—
Pens Intl	214.8	226.1	+0.9	—
Pens NAmer	108.4	114.1	+0.9	—
Pens N Euro	106.8	112.4	+0.7	—
Pens Pacific	111.9	117.8	....	—
Pens Int Rec	119.0	125.3	−0.4	—
Pens Gt Pls	175.0	184.2	+0.1	—
Pens Prpty	157.8	166.1	....	—
Pens Dep	162.1	170.6	....	—

For prices of Capital Units and Guaranteed Basic Rates please phone 0703 334411.

Swiss Life Pensions Ltd
99-101 London Road, Sevenoaks. 0732 450161

Equity	£95.77	£98.73	....	—
Fixed Int	£101.92	£102.43	....	—
Index Lkd	£100.74	£101.24	....	—
Property	£105.46	£106.72	....	—
Cash	£100.74	£100.74	....	—
Mixed	£99.51	£102.58	....	—

Next sub day December 1

Target Life Assurance Co Ltd
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

Sterling	—	—	....	6.5
U.S. Dollar	—	—	....	5.8
Swiss Franc	—	—	....	0.2
Deutsche Mark	—	—	....	2.5
Yen	—	—	....	3.0

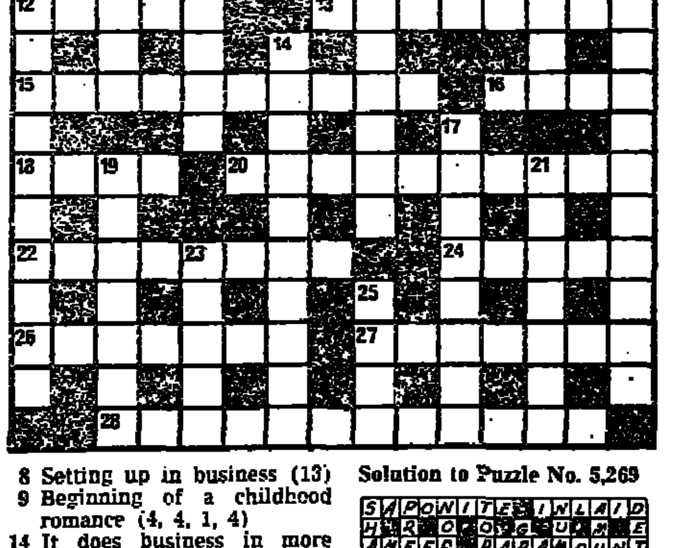
TSB Life Ltd
PO Box 3, Keens House, Andover, Hants. SP10 1PG.

Managed Fd	106.2	111.8	....	—
Property Fd	98.3	103.6	....	—
Fixed Int Fd	102.8	108.4	−0.5	—
Money Fd	98.3	103.6	....	—
Equity Fd	112.1	118.1	+1.2	—

Windsor Life Assurance Co Ltd
Royal Albert Hse, Sheet St. Windsor 68144

N Amer Fd	194.1	204.3	−2.7	—
FutAssGth	75.0(A)	85.0(B)	....	—
FutAssPen	—	51.60	....	—
Far East Fd	125.6	132.1	−0.7	—

F.T. CROSSWORD PUZZLE No. 5,270



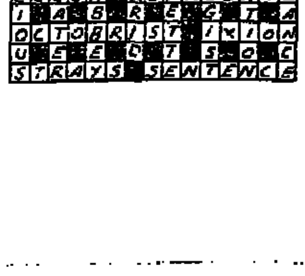
ACROSS

1 Bosom pals bid for a dangerous job (4, 8)
10 Top gear from St. Neots (7)
11 Made a cripple in WWII battle (7)
12 Bail arranged by one having a reason for innocence (5)
13 Additional information an organist might provide (8)
15 Price of an 18 across? (5, 5)
16 A break in the game (4)
18 Fit attire (4)
20 Conjuring appears a fashionable career (10)
22 Spy a curly hair on the rug? (4, 4)
24 Dared to get right in to clean up (5)
26 Nine to five, eh? Capital at one time (7)
27 The whole world finds it illuminating (7)
28 Not how other people would picture you? (4-8)

DOWN

2 Door of opportunity? (7)
3 Husband in vile gaol (8)
4 Where barristers get refreshers? (4)
5 Soft seat? (5, 5)
6 Streetcars turn up looking spruce (5)
7 It makes one wild what people do when they retire (3, 4)
8 Setting up in business (13)
9 Beginning of a childhood romance (4, 4, 1, 4)
14 It does business in more than one way (6, 4)
17 A good one can always grow better (8)
19 Gives voice and breaks the tension (7)
21 I follow a serial about a Jew (7)
23 A poor house (5)
25 New star played a major role in Russia (4)

Solution to Puzzle No. 5,269



هكذا منه الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01 623 1288

Black Horse Man. Fd	233 17			
Managed Inv. Fd	156 86	165 12		
Property Fd	151 46	159 44		
Fixed Interest Fd	146 09	153 78		
Cash Fd	136 49	185 68		
Income Fd	168 36	177 23		
Extra Income Fd	160 75	169 22		
Worldwide Growth Fd	219 35	230 90		
Balanced Fd	167 88	176 64		
Smr Co's & Recy Fd	198 34	208 78		
Int. Technology Fd	250 82	264 03		—
Nth Amer. & Gen. Fd	157.88	166 19		—
Energy Int. Fd	100.47	105 76		—
Pacific Basin Fund	135 42	142 54		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath 0444 414111

Managed	111.9	117 8		—
Property	112.5	118 4		—
Equity	114.1	120.1		—
International	125 0	131.6		—
Fixed Interest	102.1	107.5		—
Deposit	99 6	104.8		—
Managed Pen. Cap.	111.9	117.7		—
Property Pens. Cap	112.8	118 7		—
Equity Pens. Cap.	108 1	113.8		—
Intnl. Pens. Cap	128.7	135.5		—
Fixed Int. Pens. Cap.	99.6	104.9		—
Deposit Pens. Cap	97 4	102.5		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Nov 2	91.5			—
Rtmt. Fed. Aug 6	255.4			—
Managed Pen Fund	184 4	194.1	+7.2	—
Property Pen Fund	114.5	120.5	+0.3	—
Index Lnkd Pen Fund	113 4	119.4	+1.1	—
Managed	122.1	128.6	+0.2	—
Property	104.1	109.6		—
Gilt and Fixed Interest	108.3	114.0	-0.5	—
Index-Linked	99.3	104.6	+0.2	—
Equity	121.2	127.6	+0.7	—
Cash	104.2	109.7	—	—
Midland Bk. Unit Tst.	118.2	124.5	+0.2	—
Midland Bank Intnl.	138.9	146.3	+0.5	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£38.16	—	+0.32	—
Property Units	£17.30	—	+0.01	—
Equity Bond/Exec	£24.81	26.25	+0.19	—
Prop. Bond/Exec	£22.62	23.94	+0.06	—
Bal. Bd./Exec/Unit	£24.99	24.86	+0.02	—
2nd Equity Acc.	193.6	204.9	+1.5	—
2nd High Inc/Acc.	149.5	158.2	-0.8	—
2nd Property Acc.	172.6	182.6	+0.1	—
2nd Managed Acc.	170.3	180.2	+0.2	—
2nd Deposit Acc.	145.0	153.4	+0.2	—
2nd Gilt Acc.	145.1	153.9	+0.8	—
2nd American Acc.	186.5	197.4	+1.0	—
2nd Intl Money Acc.	141.4	149.6		—
2nd Index Acc.	99.5	105.3		—
2nd Far East Acc.	93.1	98.5	+0.4	—
2nd Eq. Pens./Acc.	270.7	286.5	+2.6	—
2nd Hi Inc Pens/Acc.	157.6	166.8	-0.9	—
2nd Prp. Pens/Acc.	221.2	234.1	+0.3	—
2nd Mgd. Pens/Acc.	217.7	230.4	+1.4	—
2nd Dep. Pens/Acc.	190.4	201.5	+0.3	—
Gilt Pens/Acc.	189.3	200.3	+1.0	—
2nd Am. Pens/Acc.	247.5	261.9	+2.9	—
2ndIntl.MoneyPens/Acc	171.3	181.1	—	—
2nd Index Pens./Acc.	105.3	111.4	—	—
2nd Far East Pens/Acc.	93.1	98.5	+0.6	—
L & E S.I.F.	73.5	78.0	+0.5	—
L & E S.I.F. 2	50.8	53.8	—	—

Current value at November 14.

Capital Life Assurance
Continued on adjacent Page Mon-Fri and Stock Exchange Dealings Page Sat.

Chieftain Assurance Funds
11 New Street, EC2M 4TP. 01-283 3933

[illegible]

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	122.8	129.3	-0.8	—
GT Pln High Yld Fnd	121.9	128.4	+3.6	—
GT Plan Far East Fnd	113.8	119.8	+0.8	—
GT Plan N. Am Fd	136.5	149.7	+3.9	—
GT Pln UK&G.E. Fnd	136.4	143.6	+3.5	—
GT Pln Wrldwde Fnd	132.6	139.6	+2.9	—
GT Pension Bnd Fnd	132.3	139.3	-0.7	—
GT Pen High Yld Fd	138.0	145.3	+4.3	—
GT Pen Far East Fd	198.2	345.5	+1.0	—
GT Pen N. Am. Fd	198.0	208.5	+7.9	—
GT Pen UK & G.E. Fd	157.1	165.4	+3.8	—
GT Pen Worldwide Fd	140.9	148.4	+3.5	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	166.9	175.7		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. WalthamX 31971

Portfolio Fd. Acc.	246.2	—		—
Portfolio Fd. Init.	202.8			—
Gilt Plus 88	95.0	100.0		—
Investment A'nts	246.1	259.3		—

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd	268.8	283.2		—
Money Fd	155.3	163.7		—
Equity Fd	226.8	259.0		—
Fixed Int. Fd	117.8	124.1		—
Property Fd	172.1	181.3		—
Managed Pen. Fd	253.9	267.5	+3.3	—
Equity Pension Fd	379.8	389.5	+2.9	—
Fixed Int. Pen. Fd	116.5	175.4	+2.3	—
High Yield Pen. Fd	163.9	172.7	+1.8	—
Money Pension Fd	128.6	135.3	+0.2	—
Property Pension Fd	127.3	134.1		—
Gresham/Frandington				
American & Gen. Fd.	252.8	265.5	+3.4	—
Income Fd	185.3	193.2	+3.0	—
Int'l. Growth Fd	268.9	283.3	+3.5	—
Capital Fund	192.9	203.3	+1.8	—
Recovery Fund	146.7	154.6	+1.6	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	£1.906	—		—
Landbank Secs.	£5.56	—		—
Landbank Secs. Acc.	184.8	189.5		—
G. & S. Super Fd.	£11.307	—		—

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7101

Guardian Assurance				
Property Bonds	307.2	320.0		—
GRE Linked Assurance Ltd.				
Managed Initial	212.7	223.8	+1.5	—
Do. Accum	256.5	268.9	+1.7	—
Equity Initial	265.4	279.3	+3.3	—
Do. Accum	297.1	330.1	+3.7	—
Fixed Int. Initial	199.4	210.0	+2.0	—
Do. Accum.	221.8	233.5	+2.2	—
Intnl. Initial	212.7	223.9	+1.4	—
Do. Accum.	236.6	249.0	+1.6	—
North American Initial.	99.8	105.0	+1.3	—
Do. Accum.	101.0	106.3	+1.2	—
Pacific Accum.	97.3	102.4		—
Index-Linked Gilt Init.	93.4	98.2		—
Do Accum	94.5	99.4		—
Property Initial	124.8	130.8		—
Do Accum	137.8	145.1		—
Deposit Initial	122.9	129.4		—
Deposit Accum.	136.7	143.9		—
GRE Pensions Management Ltd.				
Pens. Managed Initial	208.7	219.6	+1.7	—
Pens. Managed Acc.	226.8	238.7	+1.9	—
Pens. Equity Initial	270.8	284.9	+4.4	—
Pens. Equity Acc.	291.5	306.8	+5.0	—
Pens. Fxd. Int. Initial	202.2	212.8	+1.8	—
Pens. Fixed Int. Acc.	219.9	231.5	+2.0	—

Lloyds Life Assurance—cont.
Gartmore Funds—Series A

American Nov 8	168.0	176.9	-1.1	—
British Nov 8	127.5	134.1	+0.7	—
Commodity Nov 8	119.3	125.6	+2.3	—
Extra Inc Nov 8	117.7	123.9	+1.0	—
Far Eastern Nov 8	105.0	110.6	+1.8	—
High Inc Nov 8	115.1	121.2	+2.1	—
Income Nov 8	144.7	152.4	+2.0	—
Global Strategy Nov 8	171.9	181.0	+3.4	—
Special Sits Nov 8	128.9	135.7	+1.3	—
Gilt Nov 8	106.5	112.2	-2.7	—
Japan Nov 8	158.1	166.5	+3.9	—
UK Small Co's Nov 8	123.7	130.3	+3.4	—
Man Gwth Nov 8	146.4	154.2	+1.8	—
Autrla. Nov 8	112.7	118.7	+4.2	—
Oil and Energy Nov 8	114.9	121.0	+4.0	—
Gold Share Nov 8	74.4	78.4	+9.4	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

[illegible]

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund	289.2			—
Property Fund (A)	287.2			—
Agricultural Fund	1,117.0			—
Agric. Fund (A)	1,087.4			—
Abbey Nat. Fund	229.8			—
Abbey Nat. Fd. (A)	228.8			—
Investment Fund	136.9			—
Investment Fund (A)	135.9			—
Equity Fund	420.0		+4.0	—
Equity Fund (A)	412.4		+4.0	—
Money Fund	217.3			—
Money Fund (A)	213.3			—
Actuarial Fund	213.6			—
Gilt-edged Fund	195.4		-0.6	—
Gilt-Edged Fd. (A)	195.4		-0.6	—
Retire Annuity	354.0			—
Immed. Ann'ty	192.5			—
International Fd.	257.8		+2.0	—

Standard Life Assurance Company
3 George St., Edinburgh EH2 2XZ. 031-225 2552

Managed	202.9	223.6	+1.0	—
Property	152.8	160.9		—
Equity	233.4	246.3	+2.4	—
International	207.7	218.7	+1.4	—
Fixed Interest	171.0	180.1	-0.7	—
Index Linked	99.2	104.5	-0.3	—
Cash	131.9	138.9		—
Pension Managed	238.0	250.6	+0.9	—
Pension Property	153.5	161.7		—
Pension Equity	276.8	291.4	+1.6	—
Pension Intl.	249.0	262.2	+2.5	—
Pension Fxd. Int.	181.7	191.3	-0.7	—
Pension Index Linked	100.3	105.6	-0.2	—
Pension Cash	148.2	156.1		—

Sun Alliance Insurance Group
Sun Alliance House, Horsham. 0403 64141

[illegible]

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Sleight Trust	45.3	48.3		10.80
Unidollar Trust	$15.16	16.22		1.40
Unibond Trust	$89.97	90.67	+0.73	10.50

1, Thomas St., Douglas, Isle of Man 0624 23252

Uni-Australian Tst	79.2	85.1		1.20
Uni-Aust. Mineral Tst.	65.8	70.8	+2.0	1.60
Un-Pacific Trust	161.5	173.7		—
Uni-International Tst.	66.7	73.9		1.50

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC** Nov 7	$57.89	61.55		—
COUNT** Nov 7	£3.772	4.010		1.312
CANRHO** Nov 7	£2.514	2.666		—

Original issue *$10 and **£1. Next sub. December 5

Bridge Management Ltd.
GPO Box 590, Hong Kong

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

COMMODITIES AND AGRICULTURE

Olive oil subsidies to be reduced

By Ivo Dawnay in Brussels

EEC Agriculture Ministers yesterday agreed to reduce consumer subsidies for olive oil prices to ECU 52.29 for 100 kg for the 1983-84 market this year despite strong opopsition from the Italians and Greeks, the main producers, who argued for a higher level of aid.

Wholesale rate

The new rate, which is paid to wholesalers to hold down retail prices, amounts to a cut of about 32 per cent on last year's ECU 76.67 aid.

However, the non-producer states pointed out that recent substantial rises in the prices of competitive oils would iron out any imbalance in the relative cost of olive oil.

The measure, which should save the EEC's agriculture budget about ECU 231m over the next 12 months, will lift olive oil prices by about 20 per cent in Italy, some observers claimed yesterday. The Italians had been seeking an ECU 58 aid for each 100 kg.

Subsidies for Greek consumers were fixed at ECU 36.8, but this is awarded under a different arrangement granted to Greece under its Treaty of Accession to the EEC.

Research budget

The Council of Agriculture Ministers also agreed yesterday on an ECU 30m budget for agricultural research over the next five-year period after the UK had expressed strong opposition to the commission's proposal of a ECU 65m package.

The British claimed that the ECU 19.7m paid over the past five years should rise to just ECU 25m to compensate for inflation, but was prepared to settle the matter at the compromise figure.

European zinc producers raise price for sixth time

BY JOHN EDWARDS, COMMODITIES EDITOR

ANOTHER RISE in the European zinc producer price from $925 to $950 a tonne was announced yesterday by the West German smelter, Metallgesellschaft. It was quickly followed by Billiton, which also raised its price to $950, although Pressag said it was still considering the situation.

This is the sixth increase in the European zinc producer price since May when the price was raised to $780 after having been cut by $50 to $750 in February.

Meanwhile, on the London Metal Exchange zinc values jumped yesterday to the highest level for nine years. Cash zinc gained £8.75 to £595.5 a tonne, although the market came back sharply in late after-hours trading on profit taking.

The strength of the London Metal Exchange zinc market which has rallied strongly since falling back earlier this month, has encouraged producers to lift their prices once again.

So has the continued shortage of special high grade zinc supplies, which has been the main driving force behind the general market rise.

It therefore seems inevitable that other producers will follow this modest increase.

Last month Noranda, which lifted its price to $935, had to come back to $925 when other producers settled for the lower figure.

But now the firm trend on the LME, and tightness of supplies in North America, have paved the way for a move to $950.

Copper prices also advanced strongly on the London Metal Exchange yesterday. The higher grade cash price rose by £17.25 to £935.75 a tonne. The advance was encouraged by the firmer trend in gold and the move by Asarco to lift its U.S. domestic price by 1 cent to 66 cents a lb.

Traders said that the recent low levels plumbed in both London and New York had brought in bargain hunting buyers in an oversold market.

Aluminium followed the uptrend in copper. The cash price gained £14.5 to £1,023.5 a tonne. Cash nickel also moved up by £36 to £3,082.5 a tonne.

Move to take pressure off southern herring grounds

BY IVO DAWNAY IN BRUSSELS

PROPOSALS AIMED at temporarily opening up waters in the northern and central sectors of the North Sea to herring fishing in an attempt to take pressure off southern fishing grounds were submitted by the EEC Commission yesterday.

The plan, which is expected to be endorsed by member states next week, confines the arrangement strictly to the period up to December 15, when it is hoped fishery ministers will reach a comprehensive agreement on 1984 herring quotas.

The commission emphasised yesterday that the proposal does not allow additional tonnages to be fished, but merely redistributes to other waters a proportion of the current 68,000 tonnes allowed to be caught in the southern sector under existing agreements.

Scientific research conducted by the community has indicated that hauls from this sector should be confined to 40,000 tonnes to prevent damage to stocks.

Under the commission's plan 23,000 tonnes could be caught in the northern and central sectors.

The proposal was welcomed yesterday by Mr Michael Jopling, the UK Agricultural Minister, as a "helpful and sensible" measure. But he added that the move had little bearing on the forthcoming negotiations on longer term quotas to be debated next month.

Broad agreement on the plan was indicated by most member states yesterday, though the French, West German and Belgian Ministers said they would need to consult their Governments before giving their consent.

Norway and Russia discuss fish stocks

By Faye Gjester in Oslo

NORWAY AND Russia have begun talks in Moscow on 1984 catch regulations and quotas for the various fish stocks the two countries share in the Barents Sea, Norwegian Sea and North East Atlantic. These are mainly arctic cod, haddock and capelin.

Cod and capelin stocks are now so low following several years of over-fishing that international marine biologists have recommended halving catch quotas for both next year.

This would mean cutting the total quota for cod to 150,000 tonnes, from 340,000 this year, and that for capelin to 1.1m tonnes from 2.3m tonnes.

The actual catch of cod so far this year has been 250,000 to 260,000 tonnes, of which the Norwegians have taken 230,000 tonnes.

Cocoa reaches 2-month highs

By Richard Mooney

COCOA VALUES on the London futures market moved up strongly yesterday to the highest levels for two months.

The £49 tonne rise in the March quotation re-established the recent uptrend which had been interrupted by Monday's £23 decline. Dealers thought it was mainly chart-inspired as activity on the market remained only moderate.

They noted, however, that there was a distinct lack of current season supplies coming through onto the market. What offers there were were for 1984/85 season delivery, and these were not numerous.

A further bullish influence was the Nigerian drought. So far most talk has been of grain and cattle losses but if it persists the drought will inevitably affect cocoa supplies for next season.

● GUYANA'S rice production this year totalled 80,139 tonnes, which is more than 107,000 tonnes below the crop target and the lowest output in four years. The crop failure is attributed to disease and bad weather.

● THE WORLD Wheat Championship silver trophy has been awarded to Sidney C. Banks Ltd of Bedfordshire for a sample of Simco wheat.

● EEC SKIMMED milk powder production rose to a record 2.39m tonnes in 1982/83 from 2.06m tonnes the previous year.

● INCREASED investment in Soviet agriculture has been badly used and failed to produce the expected results, according to the Council of Ministers of the USSR.

● JAPAN and the United States resume talks today on Japan's whaling and its fishing operations in the U.S. 200-mile fishery zone.

● CZECHOSLOVAKIA'S grain harvest was a record 11.04m tonnes, up from last year's 10.27m tonnes.

More emphasis on fostering agriculture

BY PAUL CHEESERIGHT

SIGNIFICANT CHANGES in the way the EEC handles its food aid were foreshadowed yesterday when the Council of Ministers decided to shift the emphasis away from the distribution of surplus supplies to the fostering of agriculture in the Third World.

The council passed a resolution noting that food aid must be fitted into development policies of the recipient countries. Therefore, the EEC will have to discuss policy with the developing countries in question to work out a strategy to adopt.

The EEC is already working on food strategy programmes with Mali, Kenya and Kwanda and is having talks with Zambia about possible co-operation. A key element of the programmes is ensuring that local farmers receive enough for their products to encourage them to produce more.

But 'surplus disposal is still very much part of the scene," Mr Timothy Raison, the UK Minister for Overseas Development, said after the meeting.

Last year, food aid, which accounts for roughly half of EEC development aid, was a cost to the agricultural budget of Ecu 586.9m, against Ecu 600.9m in 1981. Over half of these sums went on milk products.

The new resolution of the council stresses the need to improve "the qualitative criteria" of fod aid. nI the British view this means phasing out the disposal of surplus milk products.

Mr Raison yesterday argued this caseagainst the opposition of the dairy producers—France, Ireland and Denmark—and the matter was resolved only when the European Commission was asked to make a study of all forms of food aid.

The general tone of the council fits into general British policy on aid. "We have pressed for an emphasis on agricultural development and not food without thought," said Mr Raison.

Cap 'benefits suppliers'

BY RICHARD MOONEY

THE AGRICULTURAL supply industries have been the main beneficiaries in Britain of the EEC Common Agricultural Policy (Cap) according to a report by Euromonitor Publications.*

It says that recent increases in farm incomes have been entirely due to increases in output. With the Cap forcing up input prices and squeezing unit profits "farmers have responded in the only way open to them, by increasing output with higher stocking rates, more capital expenditure and greater consumption of fertilisers."

The Cap has proved a burden on taxpayers and has not been as profitable for farmers as widely supposed, the report says. But it has offered opportunities to companies supplying British agriculture.

Tractor purchases rose from 15,000 in 1980 to 26,000 in 1982, while fertiliser consumption increased from 1.98m tonnes in 1977-78 to 2.356m in 1981-82.

British agriculture still offers good investment prospects. Investments by financial institutions have produced a rising stream of income from an inflation-protected capital base, Euromonitor says.

The report gives detailed market information on the key sectors of the industry and aims to assist relevant companies and organisations in their marketing strategies.

* The UK Farming Industry, Euromonitor Publications, PO Box 26, 18 Doughty Street, WC1. £135.

Estimates push up U.S. maize values

By Nancy Dunne in Washington

TIGHT SUPPLIES of maize and plentiful wheat stock have reversed the traditional relationship in the December prices on the Chicago Board of Trade.

In early trading yesterday after the release of new supply and demand estimates from the Department of Agriculture (USDA), December maize had soared to $3.55 per bushel, 10c higher than the wheat contract.

Maize could rise still higher. USDA said yesterday that as a result of smaller than expected supplies and a skimpy carryover for 1983-84 of about 512m bushels (of 56 lb each)—13m tonnes—a range of $3.40 to $3.80 per bushel is projected.

Grain analysts in Chicago, however, believe that the premium on December maize will not extend to contracts in later months because southern hemisphere supplies will be harvested in the spring, and maize farmers, in the absence of an attractive acreage reduction programme, are preparing to return to "fencepost to fencepost" planting.

USDA expects livestock producers to feed cheap wheat this year at a record level of 10m tonnes. Forecasts of the feed use of sorghum and barley have also been raised significantly from last month. Sorghum by 6 per cent to 13m tonnes and barley by 17 per cent to a record 7m tonnes.

Production problems in several countries have altered the world cotton outlook for 1983-1984. USDA forecast global output at 65.3m bales, down 1.4m from its estimates last month and 2.4m below last year. Meanwhile, consumption may total about 69.3m bales.

The trade picture is also altered by a USDA reduction in Soviet wheat production estimates and an increase is expected in course grain production.

PRICE CHANGES

In tonnes unless stated otherwise	Nov. 15 1983	+ or —	Month ago
Metals			
Aluminium	£1050	....	£1050
Free Mkt.	$1510/1540	+30	$1500/650
Copper			
Cash h grade	£935.75	+17.25	£974.5
3 mths	£958.5	+16.75	£999.25
Cash Cathode	£919.5	+18.75	£950.25
3 months	£943.0	+16.50	£974.75
Gold troy oz	$383.125	+1	$396.87
Lead Cash	£275.25	+3.0	£284.25
3 months	£285.25	+3.0	£292.37
Nickel	£4646.34	....	£4646.34
Free mkt	208/228c	+3	212/232c
Palladium oz.	$145.25	+1.75	$145.75
Platinum oz.	£261.55	+2.80	£266.50
Quicksilver†	$310/320	....	$320/330
Silver troy oz	610.50p	+9.30	674.20p
3 mths	624.05p	+9.55	689.50p
Tin cash	£8660.0	−17.5	£8532.5
3 month	£8777.5	−10.0	£8621
Tungsten	$78.25	....	$86.79
Wolfr'm 22.04 lb	$69/78	....	$79.83
Zinc Cash	£595.5	+8.75	£580.25
3 mths	£609.75	+9.0	£593.75
Producers	$925	....	$880

	Nov. 15 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$900y	−5	$890
Groundnut	‡	....	$1100
Linseed Crude	‡	....	‡
Palm Malayan	$660v	....	$680
Seeds			
Copra Phil	$585x	−5	$580
Soyabean (U.S.)	$331.25	−2.25	$348
Grains			
Barley Fut. Jan	£119.90	+0.35	£120.20
Maize	£146.00	....	£146.00
Wheat Fut. Jan	£121.00	−0.50	£123.80
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1606	+31	£1485
Fut. March	£1576.5	+49	£1432.5
Coffee Ft. Jan.	£1884	+18	£1891.5
Cotton A. Index	89.30c	....	87.55c
Gas Oil. Dec.	$250	−1	$253.75
Rubber (kilo)	79p	+0.25	79p
Sugar (Raw)	£138y	+6.5	£162.5
Wooltops 64s.	401p kilo	−1	400p kilo

‡ Unquoted. u Dec. v Jan. x Dec-Jan. y Nov-Dec. † Per 76 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.10-28.30	−0.10
Iranian Light	27.90-28.00	—
Arabian Heavy	26.20-26.35	−0.05
North Sea (Forties)	28.70-28.85	−0.08
North Sea (Brent)	28.80-29.00	−0.05
African (Bonny L'ht)	29.30-29.55	−0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	294-298	−0.5
Gas oil	249-257	−1.5
Heavy fuel oil	168-171	−1.0

GAS OIL FUTURES

The market opened around the highs and held in good volume until midday when fresh trade selling emerged. Prices remained weak on the re-opening until a profit-taking rally lifted the market towards the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Nov	245.50	−1.25	248.25-44.00
Dec	250.00	−1.00	250.75-48.50
Jan	250.00	−0.75	250.75-48.50
Feb	249.00	−1.00	249.50-47.50
Mar.	244.50	−1.00	245.00-45.00
April	240.50	−1.50	241.25-40.00
May	239.00	−2.00	240.00-39.00
June	238.50	−2.50	238.00
July	237.00	−2.00	237.00-36.00

Turnover: 2,692 (3,209) lots of 100 tonnes.

GOLD MARKETS

Gold rose $1 to $382¾-383¼ on the London bullion market yesterday. It opened at $383-383¾, and was fixed at $383¼ in the morning and the afternoon. The metal touched a peak of $383½-384½, and a low of $382½-383½.

In Frankfurt the 12½-kilo bar was fixed at DM 33,055 per kilo ($384.24 per oz) against DM 32,880 ($383.48) and closed at $383¼-383¾, compared with $382½-383.

In Luxembourg the dollar per oz equivalent of the 12½-kilo bar was $383 from $382.85.

In Paris the 12½-kilo bar was fixed at FFr 100,500 per kilo ($383.77 per oz) in the afternoon, compared with FFr 100,500 ($383.83) in the morning, and FFr 100,000 ($383.41) Monday afternoon.

In Zurich gold finished at $382-385, against $381-384.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Nov	382.50-83.8	+0.15	—
Dec	384.80-84.9	+1.15	385.10-84.4
Feb	390.70-91.1	+0.50	391.10-90.9
April	397.00-97.7	+0.60	—
June	402.50-03.2	−0.15	—
Aug	409.00-09.7	−0.15	—

Turnover: 351 (328) lots of 100 troy ounces.

Gold Bullion (fine ounce)	Nov. 15		Nov. 14	
Close	$382¾-383¼	(£257½-258)	$381½-382½	(£257-257½)
Opening	$383-383¾	(£258-258¼)	$382½-383¼	(£257¼-257¾)
Morning fixing	$383.25	(£258,081)	$382.60	(£256,830)
Afternoon fixing	$383.25	(£258,081)	$382.60	(£257,037)

Gold and Platinum Coins Nov. 15

Krugrnd	$394¼-394¾	(£265½-265¾)	King Sov	$93½-95	(£63-64)
½ Krg	$203¼-204	(£136¾-137¼)	Victoria Sov	$93½-95	(£63-64)

EUROPEAN MARKETS

ROTTERDAM, November 15.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES rose sharply on the London Metal Exchange. Copper moved up strongly, boosted by heavy overnight American buying, and touched £959 prior to closing the late Kerb at £957. Zinc spurted to a nine-year high of £612, as heavy speculative buying preceded and followed the European producer price rises by MG and Billiton, but encountered profit-taking which pared the price to £605.25 on the late Kerb. Aluminium, Lead and Nickel all gained ground.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	932.5-3	+18	935.6-6	+17.2
3 months	956.5-7	+18.5	958-9	+15.7
Settlem't	933	+18	—	—
Cathodes				
Cash	918-.5	+18.5	919-20	+16.7
3 months	942-3	+19.2	942-4	+16.5
Settlem't	918.5	+18.5	—	
U.S. pro'd	—	—	*65-9	......

Amalgamated Metal Trading reported that in the morning three months Higher Grade traded at £957, 58, 57, 56.50, 56, 56.50. Cathodes: Cash £918, three months £942. Kerb: Higher Grade: Three months £957.50, 58, 57.50. Afternoon: Higher Grade: Cash £936, three months £958, 57, 58, 58.50, 59, 58, 59, 59.50, 59. Kerb: Higher Grade: Three months £958, 57.50, 57, 56.50, 56, 56.50, 57. Turnover: 24,425 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8770-5	+10	8780-5	+20
3 months	8805-10	+22.5	8805-10	+7.5
Settlem't	8775	+10	—	......
Standard.				
Cash	8670-80	+25	8655-65	−17.5
3 months	8781-5	+20.5	8775-80	−10
Settlem't	8680	+25	—	......
Straits E.	$530.28	+0.07	—	......
New York				

Tin — Morning: Standard: Three months £8,780. Kerb: Standard: Three months £8,780. Afternoon: Standard: Three months £8,780, 85, 81, 80, 75. High Grade: Three months £8,805. Kerb: Standard: Three months £8,780. Turnover: 1,545 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	274.5-.75	+4	275-.5	+3
3 months	284.5-.75	+4	285-.5	......
Settlem't	274.75	+4	285-.5	+3
U.S. Spot	—	......	*25-9	......

Lead—Morning: Cash £274.75, 74.50, three months £283.50, 84, 84.50, 84.75, 84.50. Kerb: Three months £284.50. Afternoon: Three months £285, 85.50, 85, 84.50, 85, 84.75, 85. Kerb: Three months £285, 85.50, 86. Turnover: 10,750 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	595.5-6	+7.12	595-6	+8.75
3 months	609-.25	+6.87	609.5-10	+9
Settlem't	596	+7.25	—	......
Prim w'ts	—	......	*46-.75	......

Zinc—Morning: Cash £596, three months £611, 09.50, 09, 09.25. Kerb: Three months £609. Afternoon: Three months £610, 11, 11.50, 12, 11, 10.50, 10, 09.50, 09, 08, 08.50, 09, 09.50. Kerb: Three months £608, 07.50, 07, 06, 05.50, 05. Turnover: 15,950 tonnes.

ALUMINIUM

Aluminim	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1022-.5	+16.2	1023-4	+14.5
3 months	1048.5-9	+17.5	1050-.5	+16.5

Aluminium—Morning: Three months £1,048, 47.50, 48, 49, 49.50, 49, 50, 49.50, 51, 50, 49.50, 49, 48.50. Kerb: Three months £1,049.50, 50, 49.50. Afternoon: Three months £1,051, 52, 53, 52, 52.50, 52, 51, 50.50, 50. Kerb: Three months £1,049, 48, 47.50, 47, 46, 47. Turnover: 16,875 tonnes.

NICKEL

Nickel—Morning: Cash £3,082, three months £3,150, 55. Afternoon: Three months £3,160, 65, 60, 61, 60, 59. Kerb: Three months £3,160. Turnover: 600 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3080-2	+29	3080-5	+36
3 months	3155-60	+31.5	3157-60	+48

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

SILVER

Silver was fixed 9.3p an ounce higher for spot delivery in the London bullion market yesterday at 610.5p. U.S. cent equivalents of the fixing levels were: spot 906.3c, up 10.8c; three-month 927.9c, up 11.3c; six-month 950.4c, up 12c; and 12-month 999.1c, up 15.7c. The metal opened at 608½-611p (903-907c) and closed at 609½-612 (905-909c).

LME Silver (2,000 oz contract — Three months: 626.5p (616.5p). Turnover 1 (0).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	610.60p	+9.30	609.5p	+7.75
3 months	624.05p	+9.55	623.5p	+7.75
6 months	638.00p	+9.95	—	......
12 months	668.05p	+12.0	—	......

Turnover: 63 (132) lots of 10,000 oz. Morning: Large contract three months 623.5, 25.5, 25.0, 25.5, 25.2. Kerb: large three months 625.5. Afternoon: three months 626.0, 25.5, 24.0, 23.0; small three months 626.0. Kerb: large three months 623.0.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 1970-2000.

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse 1.60-1.70.

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse, ingots 0.75-0.79, sticks 0.76-0.80.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse 5.40-5.50.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 320-328.

MOLYBDENUM: European free market, canned molbdic oxide, $ per pound Mo, in warehouse 3.70-3.80.

SELENIUM: European free market, min 99.5 per cent, $ per pound, in warehouse 4.10-4.60.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif 70-74.

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per pound V_2O_5, cif 1.85-1.95.

Producer list price for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam 1,750.

BISMUTH: UK MCP-Peko, 99.99 per cent, $ per pound, tonne lots, ex-warehouse 2.30.

COBALT: World, Zaire: Sozacom, $ per pound 12.50.

NICKEL: World, Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per pound U_3O_8 23.50.

VANADIUM: Highveld fused min 98 per cent V_2O_5 $ per pound V_2O_5, cif 2.30.

ZINC: GOB producer basis, $ per tonne 925.

COCOA

During a fairly quiet morning light trade and speculative buying lifted prices £20 from the previous close. A lack of substantial origin selling coupled with aggressive chart inspired buying rallied the market strongly throughout the afternoon and during an extended closing call. Physical business was quiet, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec	1550-51	+31.5	1556-19
March	1576-77	+49.0	1580-28
May	1576-77	+45.0	1580-32
July	1579-80	+43.0	1580-39
Sept	1582-84	+39.0	1585-47
Dec	1585-91	+31.5	1590-60
March	1598-01	+31.0	1597-8

Sales: 8,099 (2,772) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound). Daily price for Nov 15: 103.30 (99.39); five-day average for Nov 16: 101.03 (98.79).

COFFEE

After opening marginally lower, trade and commission house support erased losses in light volume, reports Drexel Burnham Lambert. Short-covering and stop-loss buying prompted further gains before prices retreated slightly on dealer selling. Towards the close additional trade buying restored values to the daily highs.

COFFEE	Yest'day's Close	+ or —	Business Done
Nov	1880-84	+16.5	1880-65
January	1883-85	+18.0	1887-50
March	1851-52	+17.5	1853-31
May	1791-98	+15.0	1792-65
July	1745-48	+8.0	1750-41
Sept	1719-20	+1.0	1728-12
Nov	1690-95	−7.0	1705-04

Sales: 3,831 (3,657) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for Nov 14: Comp daily 1979 136.90 (136.61): 15-day average 135.83 (135.84).

GRAINS

Business done—Wheat: Nov 118.60-8.50, Jan 121.40-1.00, March 124.60-4.10, May 127.45-7.00, July 130.05-29.55, Sept 115.20-4.90. Sales: 432 lots of 100 tonnes. Barley: Nov 117.75-6.85, Jan 119.90-9.55, March 123.10-2.70, May 124.88-4.80, Sept 112.10 only. Sales: 141 lots of 100 tonnes.

WHEAT Mnth.	Yesterdy's close	+ or —	BARLEY Yest'day's close	+ or —
Nov	118.35	−0.35	117.75	+0.90
Jan	121.00	−0.50	119.90	+0.55
Mar.	124.10	−0.50	123.00	+0.35
May	127.00	−0.45	125.00	+0.50
July	129.55	−0.85	—	
Sept.	114.90	−0.80	111.90	−0.60

HGCA — Locational ex-farm spot prices. Feed barley: S. East 116.90, S. West 116.90, W. Midlands 115.70, N. West 116.70. The UK monetary coefficient for the week beginning Monday, November 21 (based on HGCA calculations using five days exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent: Dec 139.25, Jan 141.75, Jan/March 141.75. English feed, fob: Nov 124, Jan/March 127.50 East Coast. Maize: French 2nd-half Nov 146, Dec 148 East Coast. Barley: English feed, fob: Nov 121, Jan/March 125.50 East Coast. Rest unquoted.

POTATOES

The market was firmed following the Dutch market while volume remained comparatively low, reports Coley and Harper.

RUBBER

SUGAR

No. 4 Contract	Yestday's close	Previous close	Business done
	£ per tonne		
Dec	147.75-48.50	148.75-48.50	151.25-48.25
Mar	156.50	158.50	159.60-55.80
May	161.85	161.75-61.90	164.50-61.25

Sales: 3,379 (4,519) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £247.75 (£239.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for Nov 14: Daily price 7.93 (8.45): 15-day average 8.50 (8.60).

SOYABEAN MEAL

The market opened £1.50 up in mixed buying, reports T. G. Roddick. Prices held steady in quite conditions.

	Yestday's close	+ or —	Business Done
	£ per tonne		
Dec	185.00-85.50	+1.50	184.00-85.00
Feb	189.90-90.00	+1.70	190.50-89.50
April	191.80-92.30	+1.65	192.50-91.50
June	187.50-88.50	+1.80	—
August	187.50-89.00	+1.25	—
October	174.00-79.00	—	—
Dec	185.00-88.00	+0.25	186.00

Sales: 63 (280) lots of 100 tonnes.

INDICES

FINANCIAL TIMES

Nov. 14	Nov. 11	M'th ago	Y'ar ago
285.59	288.04	289.52	239.95

(Base: July 1 1952=100)

REUTERS

Nov. 15	Nov. 14	M'th ago	Y'ar ago
1896.3	1882.8	1903.5	1532.4

(Base: September 18 1931=100)

MOODY'S

Nov. 14	Nov. 11	M'th ago	Yearago
1009.8	1014.0	1036.5	978.7

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Nov. 14	Nov. 11	Month ago	Year ago
Spot	—	135.31	139.97	127.28
Fut's	—	143.36	147.13	—

(December 31 1931=100)

COTTON

LIVERPOOL—Spot and shipment sales amounted to 35 tonnes. Few dealings occurred with only limited offtake. Scattered operations were directed towards Middle Eastern growths.

WOOL FUTURES

MEAT/FISH

AMERICAN MARKETS

NEW YORK, November 15.

COPPER PRICES MOVED HIGHER with traders continuing to anticipate forced liquidation of future hedges by a large international metals dealer. Cotton prices were moderately higher on reports of poor yields in the Soviet Union and on a further reduction in this year's carry-over in the U.S. Sugar came under pressure from technical selling after the market failed to react to reports that the Philippines were inquiring for shipments in cash. Cocoa prices rallied sharply on commission-house buying which encouraged technical buying; the bullish undertone was also helped by reports of extensive drought damage in Nigeria potentially affecting the West African crop. Coffee prices were fractionally higher in a quiet market with traders nervously appraising deliverable stocks and their adequacy for December futures delivery. Heating oil was moderately higher after early strength could not be sustained and local traders started to press the market. Precious metals traded in a very tight range with silver nominally higher and gold fractionally lower going into the close; both markets displayed a "wait and see" attitude regarding further Soviet moves in the market. Soyabeans finished sharply lower on late local and professional selling motivated primarily by the weakness in oil and the liquidation pressure in the December futures. Maize finished moderately higher with support attributed to bullish Government statistics. Wheat finished slightly higher in sympathy with maize, reported Heinold Commodities Ltd.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Dec	2150	2190	2120	2107
March	2185	2210	2141	2128
May	2210	2233	2160	2147
July	2212	2230	2170	2162
Sept	2230	2230	2223	2175
Dec	2250	2250	2250	2190

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	148.3	148.75	147.70	148.18
March	143.71	143.75	142.45	143.16
May	139.00	139.00	138.00	138.70
July	136.40	136.50	136.20	135.78
Sept	133.90	133.50	132.70	132.10
Dec	131.05	131.00	130.50	130.13
March	129.00	—	—	130.10

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	62.65	62.40	62.40	62.05
Dec	62.90	62.95	62.65	62.35
Jan	63.56	—	—	63.00

SUGAR WORLD "11" 112,000 lbs. cents/lb

	Close	High	Low	Prev
Jan	8.83	8.87	8.87	8.98
March	9.22	9.47	9.20	9.40
May	9.54	9.77	9.53	9.69
July	9.86	10.04	9.85	10.01
Sept	10.07	10.22	10.06	10.20
Oct	10.29	10.52	10.28	10.42
Jan	10.48	10.90	10.85	10.53
March	11.23	11.25	11.25	11.16

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	61.77	61.92	61.40	61.77
Feb	61.25	61.45	61.06	61.32
April	63.17	63.25	63.00	63.20
June	64.70	64.85	64.60	64.87
Aug	63.62	63.80	63.60	63.72
Oct	61.82	62.00	61.90	61.90

LIVE HOGS 30,000 lb, cents/lb

COTTON 50,000 lb, cents/lb

GOLD 100 troy oz, $/troy oz

MAIZE 5,000 bu min, cents/56-lb bushel

PORK BELLIES 38,000 lb, cents/lb

SOYABEANS 5,000 bu min, cents/60-lb bushel

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

SOYABEAN MEAL 100 tons, $/ton

ORANGE JUICE 15,000 lb, cents/lb

PLATINUM 50 troy oz, $/troy oz

SOYABEAN OIL 60,000 lb, cents/lb

SILVER 5,000 troy oz, cents/troy oz

WHEAT 5,000 bu min, cents/60-lb bushel

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar little changed in subdued trading

The dollar showed little overall change in foreign exchange trading yesterday. It remained underpinned by Middle East tension and fears of higher U.S. interest rates but with many people already holding long dollar positions, there was little incentive to push it firmer. Monday's larger than expected fall in U.S. M1 money supply was for the time being ignored as a market factor.

Sterling remained on the sidelines in very dull trading, showing little change on the day.

DOLLAR — Trade weighted index (Bank of England) 127.9 against 121.8 six months ago. The dollar has been appreciating steadily in recent weeks and is once again threatening the record levels touched in August. Growing tension around the world is supporting the currency but an equal factor is speculation that an expected surge in money supply will combine with inflationary pressures from strong economic recovery to prevent an easing in Federal Reserve monetary policy. The dollar closed at DM 2.6765 from DM 2.6760 and SwFr 2.1610 from SwFr 2.1625. Against the yen it finished at Y234.35 from Y234.55 and FFr 8.1420 from FFr 8.14.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. October average 1.4977. Trade weighted index 83.9, unchanged all day and compared with 84.0 on Monday and 83.9 six months ago. The pound has drifted slightly against the dollar but has improved with the latter against Continental currencies. This trend has been encouraged by unsettled conditions in the Middle East and the threat to western oil supplies, plus fading hopes of cuts in clearing bank base rates.

Sterling traded in a very narrow range against the dollar of $1.4820-1.4890. It closed at $1.4850-1.4860, a rise of just 5 points from Monday. Against the D-mark it was virtually unchanged at DM 3.9775 from DM 3.9765 and SwFr 3.2125 compared with SwFr 3.2145. Against the the yen it eased marginally to Y348.25 from Y348.60 but rose against the French franc to FFr 12.09 from FFr 12.0750.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. October average 2.6023. Trade-weighted index 123.5 against 129.6 six months ago. The D-mark is losing ground to the dollar once again and could threaten the 10-year low touched in August. Although German interest rates are relatively firm, partly reflecting concern about money supply growth, expectation that U.S. interest rates will remain high, coupled with Middle East tension, have returned the dollar to favour.

The dollar was fixed at DM 2.6774 yesterday in Frankfurt, up from DM 2.6681 on Monday. Middle East tension and a general weakness of the D-mark were behind the dollar's firmer trend with Monday's larger-than-expected fall in U.S. M1 money supply failing to have much impact. The D-mark was very weak against the yen, with the latter rising to DM 1.1420 per Y100 from DM 1.1385 on Monday to touch its highest level since yen fixings began in Frankfurt in 1969. Sterling was unchanged at DM 3.9720, as was the Belgian franc at DM 4.926 per BFr 100.

ITALIAN LIRA — Trading range against the dollar in 1983 is 1,618.75 to 1,343. October average 1,582.2. Trade-weighted index 49.5 against 51.9. The lira has fallen to record lows against the dollar this summer and has recently shown a weaker tendency within the EMS, based on an end to seasonal lira demand and a stronger D-mark.

The lira lost ground against the dollar at yesterday's fixing in Milan but was generally easier against its EMS partners. The dollar was higher at L1,621.2 compared with L1,616.2, while the D-mark slipped to L605.55 from L605.78. The French franc was also lower at L199.05 from L199.22. Elsewhere sterling eased to L2,405.05 from L2,405.65, but the Swiss franc improved to L749.58 from L748.67.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.9839	+2.41	+1.72	±1.5447
Danish Krone	8.14104	8.15330	+0.15	−0.54	±1.6425
German D-Mark	2.24184	2.26368	+0.97	+0.28	±1.0642
French Franc	6.87456	6.89039	+0.23	−0.46	±1.4052
Dutch Guilder	2.52595	2.53469	+0.35	−0.34	±1.4964
Irish Punt	0.72569	0.726776	+0.15	−0.54	±1.6689
Italian Lira	1403.49	1370.51	−2.35	−2.35	±4.1506

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Nov. 15	£	$		£ Note Rates
Argentina Peso	25.47-25.57	17.291-17.311	Austria	27.85-28.15
Australia Dollar	1.6110-1.6150	1.0845-1.0855	Belgium	80.85-81.65
Brazil Cruzeiro	1,284.6-1,288.6	865-869	Denmark	14.28-14.39
Finland Markka	8.5000-8.5130	5.7250-5.7300	France	12.03-12.13
Greek Drachma	142.40-143.00	95.90-96.30	Germany	3.95½-3.99½
Hong Kong Dollar	11.597-11.609	7.8150-7.8180	Italy	2380-2410
Iran Rial	129.65*	87.30*	Japan	347-353
KuwaitDinar(KD)	0.4330-0.4335	0.29162-0.29182	Netherlands	4.43-4.47
Luxembourg Fr.	80.75-80.85	54.38-54.40	Norway	11.00-11.10
Malaysia Dollar	3.4740-3.4840	2.3410-2.3430	Portugal	191-204
New Zealand Dlr.	2.2450-2.2500	1.5115-1.5140	Spain	225¼-236
Saudi Arab. Riyal	5.1685-5.1675	3.4807-3.4810	Sweden	11.65-11.75
Singapore Dollar	3.16-3.17	2.1295-2.1315	Switzerland	3.19¾-3.22¾
Sth. African Rand	1.7515-1.7535	1.1790-1.1805	United States	1.47½-49½
U.A.E. Dirham	5.4470-5.4525	3.6720-3.6730	Yugoslavia	197-215

* Selling rates.

CURRENCY MOVEMENTS

Nov. 15	Bank of England Index	Morgan Guaranty Changes%
Sterling	83.9	−6.9
U.S. dollar	127.9	+16.2
Canadian dollar	92.2	+0.9
Austrian schilling	115.8	+3.1
Belgian franc	90.1	−11.6
Danish kroner	79.4	−5.3
Deutsche mark	125.5	+7.1
Swiss franc	150.9	+12.9
Guilder	115.4	+4.5
French franc	67.0	−14.9
Lira	49.5	−11.7
Yen	153.6	+10.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Nov. 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.709493	0.570008
U.S. $	8½	1.05510	0.845608
Canadian$	9.53	*	1.04516
Austria Sch	3¾	19.8426	15.9269
Belgian F	9	57.2625	45.9839
Danish Kr.	7	10.1456	8.15330
D mark	4	2.81957	2.26368
Guilder	5	3.15614	2.53469
French F.	9½	8.57750	6.89039
Lira	17	1707.34	1370.51
Yen	5	247.373	198.294
Norwgn Kr.	8	7.84138	6.29720
Spanish Pta	—	162.537	130.561
Swedish Kr	8½	8.31422	6.67668
Swiss Fr	4	2.27807	1.82921
Greek Dr'ch	20½	101.340	81.3694

* C$/SDR rate for Nov 14: 1.30278

THE POUND SPOT AND FORWARD

Nov 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4820-1.4890	1.4850-1.4860	0.04-0.09c dis	−0.52	0.22-0.27dis	−0.66
Canada	1.8320-1.8390	1.8355-1.8365	0.02c pm-0.08dis	−0.20	0.08-0.18dis	−0.28
Nethlnd.	4.44-4.47	4.45-4.46	1⅞-⅞c pm	3.03	3⅜-2⅞ pm	2.80
Belgium	80.50-81.00	80.75-80.85	7c pm-3 dis	0.30	2-12 dis	−0.35
Denmark	14.28-14.35	14.31-14.32	0.6ore pm-0.45dis	−0.06	2.70-3.85dis	−0.91
Ireland	1.2730-1.2785	1.2765-1.2775	0.25-0.35p dis	−2.82	0.90-1.00dis	−2.97
W. Ger.	3.96½-3.98½	3.97¼-3.98¼	1½-½pf pm	3.02	3⅝-2⅝ pm	3.02
Portugal	188.00-189.50	188.75-189.25	155-365c dis	−16.51	600-860dis	−12.27
Spain	227.00-229.80	229.30-229.50	250-300c dis	−14.38	725-810dis	−13.38
Italy	2,398½-2,413	2,405-2,407	14-16 lire dis	−7.48	46-49 dis	−7.90
Norway	10.99-11.08	11.05-11.06	2.50-3.20ore dis	−3.09	9.35-10.10d	−3.52
France	12.06-12.12	12.08½-12.09½	2¾-3½c dis	−3.22	11-12½ dis	−3.89
Sweden	11.69-11.75	11.72-11.73	1.45-1.95ore dis	−1.74	6.25-6.90dis	−2.24
Japan	347¼-350¼	347¾-348¾	0.95-0.85y pm	3.10	2.45-2.30 pm	2.73
Austria	27.90-28.10	27.95-28.00	8¼-6¼gro pm	3.19	22¼-18½ pm	2.90
Switz.	3.19¾-3.23¾	3.20¾-3.21¾	1⅜-1¼c pm	5.60	4⅜-3¾ pm	4.98

Belgian rate is for convertible francs. Financial franc 81.30-81.40. Six-month forward dollar 0.48-0.53c dis, 12-month 1.00-1.10c dis.

THE DOLLAR SPOT AND FORWARD

Nov 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4820-1.4890	1.4850-1.4860	0.04-0.09c dis	−0.52	0.22-0.27dis	−0.66
Ireland†	1.1620-1.1655	1.1620-1.1630	0.23-0.20c pm	2.22	0.67-0.59 pm	2.17
Canada	1.235-1.2367	1.2360-1.2365	0.04-0.02c pm	0.29	0.13-0.10 pm	0.37
Nethlnd.	2.9940-2.9985	2.9950-2.9980	0.94-0.84c pm	3.56	2.69-2.59 pm	3.52
Belgium	54.30-54.45	54.38-54.40	4-2½c pm	0.72	7-4 pm	0.40
Denmark	9.6320-9.6500	9.6375-9.6425	⅛-⅞ore dis	−0.62	1⅛-1⅝ dis	−0.62
W. Ger.	2.6725-2.6825	2.6760-2.6770	0.87-0.82pf pm	3.79	2.57-2.52 pm	3.80
Portugal	127.00-127.45	127.15-127.40	100-240c dis	−16.02	320-680dis	−15.87
Spain	154.05-154.55	154.40-154.50	165-185c dis	−13.60	470-515dis	−12.76
Italy	1,619½-1,621½	1,620-1,621	9¾-10¼ lire dis	−7.40	28¾-29½dis	−7.19
Norway	7.4420-7.4520	7.4450-7.4500	2.20-2.50ore dis	−3.79	5.85-6.15dis	−3.22
France	8.1360-8.1550	8.1395-8.1445	1.80-1.95c dis	−2.76	6.20-6.60dis	−3.14
Sweden	7.8920-7.9000	7.8950-7.9000	1.50-1.70ore dis	−2.43	3.75-3.95dis	−1.95
Japan	234.25-235.00	234.30-234.40	0.72-0.68y pm	3.58	2.03-1.98 pm	3.42
Austria	18.83-18.85	18.83½-18.84½	6.15-5.55gro pm	3.72	18.25-16.25pm	3.66
Switz.	2.1550-2.1700	2.1605-2.1615	1.17-1.13c pm	6.38	3.06-3.02 pm	5.62

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 54.72-54.82.

EXCHANGE CROSS RATES

Nov. 15	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.486	3.978	348.3	12.09	3.213	4.455	2405.	1.836	80.80
U.S. Dollar	0.673	1.	2.678	234.4	8.139	2.163	2.999	1620.	1.236	54.39
Deutschemark	0.251	0.373	1.	87.56	3.040	0.808	1.120	604.9	0.462	20.31
Japanese Yen 1,000	2.872	4.266	11.42	1000.	34.72	9.225	12.79	6909.	5.272	232.0
French Franc 10	0.827	1.229	3.290	288.0	10.	2.657	3.685	1990.	1.519	66.83
Swiss Franc	0.311	0.462	1.238	108.4	3.763	1.	1.387	748.9	0.572	25.15
Dutch Guilder	0.224	0.333	0.893	78.17	2.714	0.721	1.	540.1	0.412	18.14
Italian Lira 1,000	0.416	0.617	1.653	144.7	5.025	1.335	1.852	1000.	0.763	33.58
Canadian Dollar	0.545	0.809	2.166	189.7	6.585	1.750	2.426	1310.	1.	44.01
Belgian Franc 100	1.238	1.838	4.923	431.0	14.96	3.976	5.514	2978.	2.272	100.

FINANCIAL FUTURES

Eurodollars weak

Eurodollars weakened on the London International Financial Futures Exchange yesterday despite the much better than expected U.S. M1 money supply figures announced on Monday. The fall of $2.5bn in M1, compared with market forecasts in the region of $500m, took the aggregate figure below the Federal Reserve's target range, but the more widely based M2 and M3 figures remain fairly near to the top end of the range, and the market also expects this to be the last of the major falls in M1. It is anticipated that the narrowly defined weekly figure could rise by at least $2.5bn at this Friday's announcement, and that M1 will continue on an upward path for the rest of this year.

This general picture is not thought likely to encourage the Federal Reserve Open Market Committee into easing its credit policies at present.

Against this background the December Eurodollar contract opened at 90.30, fairly near the day's peak of 90.31, but was then sold off, and finished near the low at 90.23, compared with 90.32 on Monday.

Gilts were influenced by similar factors, opening weak as cash prices declined, and remaining depressed on the opening of the U.S. bond market, but then rallying back to Friday's levels, and finishing on a firm note. December delivery began at 110-08, and after touching a best level of 110-13 closed at 110-11, compared with 110-17.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Dec	90.23	90.31	90.20	90.32
March	89.84	89.92	89.80	89.93
June	89.51	89.55	89.51	89.63
Sept	89.23	89.29	89.23	89.34
Dec	88.91	—	—	89.02

Volume 2,772 (1,962)
Previous day's open int. 8,421 (8,206)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
Dec	90.91	90.92	90.89	90.92
March	90.65	90.67	90.61	90.68
June	90.43	90.43	90.38	90.43
Sept	90.05	90.06	90.00	90.09
Dec	89.81	—	—	89.85

Volume 649 (836)
Previous day's open int. 5,522 (5,589)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Dec	110-11	110-13	109-25	110-17
March	109-26	109-26	109-12	110-00
June	109-13	—	—	109-19
Sept	109-00	—	—	109-06
Dec	108-19	—	—	108-25

Volume 4,743 (4,405)
Previous day's open int. 3,884 (3,986)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract 4 to 12 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4848	1.4848	1.4842	1.4878
March	1.4865	1.4874	1.4865	1.4903
June	1.4906	1.4905	1.4880	1.4930

Volume 239 (468)
Previous day's open int. 2,247 (2,162)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3747	0.3748	0.3741	0.3748
March	0.3783	—	—	0.3782
June	0.3816	—	—	0.3815

Volume 109 (12)
Previous day's open int. 416 (419)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4647	0.4649	0.4645	0.4644
March	0.4714	—	—	0.4712
June	0.4779	—	—	0.4777

Volume 6 (7)
Previous day's open int. 129 (130)

JAPANESE YEN
Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4277	0.4277	0.4277	0.4275
March	0.4311	—	—	0.4310
June	0.4346	—	—	0.4345

Volume 11 (41)
Previous day's open int. 160 (151)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	70-29	71-03	70-24	71-06
March	70-10	70-17	70-07	70-20
June	69-26	70-00	69-23	70-03
Sept	69-12	69-18	69-09	69-20
Dec	—	69-04	68-28	69-07
March	68-21	68-23	68-28	68-28
June	—	68-14	68-12	68-19
Sept	—	—	—	68-11
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	91.07	91.12	91.05	91.14
March	90.67	90.72	90.66	90.76
June	90.36	90.41	90.33	90.44
Sept	90.10	90.12	90.09	90.18
Dec	89.88	89.90	89.86	89.94
March	89.66	89.70	89.65	89.73
June	89.45	89.47	89.45	89.52
Sept	89.30	89.30	89.30	89.41

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	90.44	90.46	90.41	90.50
March	89.97	89.98	89.93	90.01
June	89.56	89.59	89.55	89.62
Sept	89.25	89.27	89.25	89.32
Dec	—	—	—	—
March	—	—	—	—
Sept	76.70	76.70	76.70	76.30

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	89.98	90.00	89.93	90.01
March	89.56	89.57	89.53	89.62
June	89.22	89.24	89.20	89.28
Sept	88.92	88.95	88.91	89.00
Dec	88.66	88.66	88.65	88.73
March	88.42	88.42	88.41	88.49

STERLING (IMM) Se per £

	Latest	High	Low	Prev
Dec	1.4865	1.4875	1.4835	1.4850
March	1.4890	1.4895	1.4860	1.4870
June	1.4920	1.4920	1.4885	1.4900
Sept	—	—	—	1.4930
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	68-29	68-30	68-23	68-31
March	67-29	67-30	67-23	67-31
June	66-29	67-00	66-29	67-02
Sept	—	66-08	66-05	66-10
Dec	65-19	65-21	65-18	65-22
March	—	—	—	—
June	64-20	64-22	64-18	64-23
Sept	—	—	—	64-12
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

MONEY MARKETS

UK rates unchanged

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

Interest rates were virtually unchanged in very quiet trading in London yesterday. There appeared to be a marked absence of any fresh news to reinforce any trend with the two factors uppermost in most peoples minds being Christmas and the possibility of a small cut in base rates before then.

Overnight interbank money opened at 9⁷⁄₁₆-9⁹⁄₁₆ per cent and touched a high of 11 per cent and a low of 9 per cent. Funds were well bid at the lower levels despite the Bank's forecast of a modest shortage.

The Bank of England forecast a shortage of around £50m, with factors affecting the market including maturing assistance and a take up of Treasury bills draining £170m and Exchequer transactions adding £100m. There was no assistance given in the morning and the forecast was then revised to a flat position. However the Bank gave assistance in the afternoon of £29m, comprising purchases of £12m of eligible bank bills in band 2 (15-33 days) at 9 per cent and £17m of eligible bank bills in band 3 (34-63 days) at 8²⁹⁄₃₂ per cent. The Bank also provided a late round of assistance totalling around £25m.

In Frankfurt call money was again trading between 5.5 per cent and 5.6 per cent with demand for funds accelerated slightly ahead of today's public holiday in West Germany. Banks now appear to be well placed to meet this month's reserve asset requirements.

In Brussels the rate on four-month Belgian Treasury bonds was left unchanged at 9.65 per cent following yesterday's auction. Interest rates had been edging firmer recently in response to the Belgian franc's decline against some of its EMS partners. However there has been a small improvement over the last day or two and the authorities will be unwilling to increase interest rates to defend the franc unless it is unavoidable.

LONDON MONEY RATES

Nov. 15 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills §
Overnight	—	9-11	9-9⅛	—	—	8¾-9¼	8-9⅛	—	—	—
2 days notice	—	—	9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9⅛-9¼	9-9⅛	—	—	9⅛-9⅜	9-9⅛	—	—	—
One month	9⅛-9⅛	9⅛-9⅛	9⅛	9⅝-9⅜	9⅛	9⅛-9⅛	9	9⅛	9⅛	9½
Two months	9⅛-9⅛	9⅛-9¼	9⅛	9⅝-9⅜	9⅛	9⅛	9	8½-8⅞	8⅞	9⅛
Three months	9⅛-9⅛	9¼-9⅛	9¼	9⅝-9⅜	9⅛	9⅛	9	8⅞-8⅞	8⅞	9⅛
Six months	9⅛-9⅛	9⅛-9⅛	9⅝	9⅝-9⅛	9⅛	—	—	—	8⅞-8⅞	9⅛
Nine months	9⅛-9¼	9½-9⅝	9⅝	9⅝-9⅜	9⅝	—	—	—	—	—
One year	9⅝-9⅛	9⅝-9¼	9⅛	9⅝-9⅜	9¾	—	—	—	—	—
Two years	—	—	10¼	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average rate for interest period October 5 to November 1 1983 (inclusive) 9.393 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10⅛ per cent; four years 10⅞ per cent; five years 10⅝ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 8²⁷⁄₃₂ per cent; four months' trade bills 9¹⁵⁄₃₂ per cent.

Approximate selling rate for one-month Treasury bill 9 per cent; two months 8⁷⁄₈-18²⁹⁄₃₂ per cent and three months 8²⁹⁄₃₂ per cent; one month bank bills 9 per cent; two months 8²⁹⁄₃₂ per cent and three months 8²⁷⁄₃₂ per cent; one month trade bills 9²³⁄₃₂ per cent; two months 9²¹⁄₃₂ per cent and three months 9⁷⁄₃₂ per cent.

Finance Houses Base Rate (published by the Finance Houses Association): 10 per cent from November 1 1983. London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5½ per cent.

Treasury Bills: Average tender rates of discount 8.8322 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-12 months 10 per cent. Under £100,000 9¼ per cent from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES
(Market closing rates)

Nov. 15	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9-9⅛	9⅛-9⅜	9⅛-9¼	9¼-9⅜	9⅜-9½	9⅝-9¾
U.S. Dollar	8⅞-9⅜	9¼-9⅜	9⅝-9⅝	9⅛-9⅝	9⅞-10⅛	10⅛-10⅜
Can. Dollar	8¾-9¼	9-9½	9⅛-9⅞	9¼-9½	9⅛-9⅝	9⅝-9⅞
D. Guilder	5⅝-5¾	5⅝-5⅞	5⅞-6	6⅛-6⅜	6¼-6⅜	6⅜-6⅝
S. Franc	1¾-1⅞	1⅝-1⅞	3⅜-3⅞	4⅛-4⅜	4¼-4⅜	4⅛-4⅜
Deutschm'rk	5¼-5⅞	5¼-5⅞	5⅝-5⅞	6-6⅛	6-6⅛	6¼-6⅜
Fr'nch Franc	12 12¼	12-12¼	12¼-12½	12⅞-13⅛	13⅞-14⅛	14¼-14¾
Italian Lira	16-17	16-17	16⅝-16⅞	16⅞-17⅝	17⅝-18⅛	18¼-18⅞
Belg. Franc Conv.	8-8⅛	8¼-8¾	8¾-9¼	9¼-9¾	9¾-10¼	10-10½
Fin.	8¼-8½	8¾-9	8¾-9	9⅝-9⅞	9¾-10	10-10¼
Yen	5⅞-6	6 6⅛	6⅛-6¼	6⅜-6½	6⅝-6½	6⅛-6⅜
D. Krone	8-8½	9¼-9¾	10⅝-10⅞	10⅝-11⅛	11⅛-11⅝	11⅛-11⅜
Asia $ (Sing.)	9⅜-9½	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	10⅛-10¼

FT LONDON INTERBANK FIXING
11.00 a.m. NOVEMBER 15

3 month U.S. dollars		6 month U.S. dollars	
bid 9 5/8	offer 9 7/8	bid 9 7/8	offer 10

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9½
Treasury bills (13-week)	8.78
Treasury bills (26-week)	8.93

GERMANY

Lombard	5.5
Overnight rate	5.56
One month	5.70
Three months	6.25
Six months	6.25

FRANCE

Intervention rate	12.25
Overnight rate	12.0
One month	12.3125
Three months	12.375
Six months	12.4375

JAPAN

Discount rate	5
Call (unconditional)	6.03125
Bill discount (3-month)	6.34375

SWITZERLAND

Discount rate	4
Overnight rate	1½-2½
One month	3⁷⁄₁₆-3⅞
Three months	4⁵⁄₁₆-4⁹⁄₁₆

NETHERLANDS

Discount rate	5
Overnight rate	5½-5½
One month	5⅞-6
Three months	6⅛-6⅜
Six months	6¼-6½

$ CERTIFICATES OF DEPOSIT

One month	9.4-9.5
Three months	9.55-9.65
Six months	9.7-9.8
One year	9.95-10.15

LONG TERM EURO $

Two years	11⅛-11⅜
Three years	11½-11¾
Four years	11¾-12
Five years	12-12¼

SDR LINKED DEPOSITS

One month	8⁷⁄₁₆-8¹¹⁄₁₆
Three months	8¾-9⅛
Six months	8¹³⁄₁₆-9⁵⁄₁₆
One year	9³⁄₁₆-9⁷⁄₁₆

ECU LINKED DEPOSITS

One month	8½-8¾
Three months	8⅞-9⅛
Six months	9¼-9½
One year	9⁵⁄₁₆-9¹³⁄₁₆

ANNOUNCEMENTS

MR. ROGER PAGRAM has been appointed a Director of Lambert Brothers (Underwriting Agencies) Ltd.

INTERNATIONAL CAPITAL MARKETS

U.S. bonds puzzle for European dealers

By Mary Ann Sieghart in London

EUROBOND dealers in London were taken aback yesterday by the reaction of the New York bond market to Monday's U.S. money supply figures. These showed a $2.5bn fall in M1 – much better than expected – yet the market did not improve.

As a result, the Eurodollar bond market drifted slightly downwards in a day of quiet trading and virtually no retail interest.

Nevertheless, SBC International announced that its two most recent issues – for ITT and British Columbia – would be increased. The ITT issue has been raised from $100m to $125m and the BC issue from C$100m to C$125m. This makes the British Columbia deal the largest in the Canadian dollar market's history.

Yesterday saw the launch of a DM 300m deal for the World Bank, widely considered to be a test of the market's ability to absorb new issues, given the high volume of the new calendar. The 10-year bond has an 8 per cent coupon at a price of 99½ and is led by Deutsche Bank. It was extremely well-received, trading at a tiny ½ point discount, which encouraged dealers who had been worried about the impending flood of new issues.

Markets in both Switzerland and Germany were quiet, with prices closing unchanged.

Nihon Radiator, the car component manufacturer, is raising SwFr 30m through a five-year convertible private placement with an indicated coupon of 3½ per cent. Credit Suisse will be pricing the deal next Tuesday.

Meanwhile, Minolta is expected to launch a SwFr 100m convertible private placement through UBS today.

G. J. Coles, Australia's largest retailer, made its debut in the Euromarkets yesterday with an A$35m, five-year bond carrying a 13¾ per cent coupon at par. Orion Royal Bank is leading the deal with Goldman Sachs.

Spain is expected to tap the Samurai market for ¥15bn today through a 10 year bond yielding just over 8 per cent. Daiwa Securities will be the lead-manager.

The World Bank also showed its popularity in the Euroyen market yesterday by pricing its ¥20bn, 10 year bond at 99¾, rather than the indicated 99½. The coupon remains at 7¾ per cent to yield 7.643 per cent. Yamaichi Securities is leading the deal.

BHF Bank bond average

Nov 17		Previous
98.821		98.810
High	1983	Low
102.017		97.699

Less flexibility on latest Korean loan

By Ann Charters in Seoul

THE KOREA Development Bank signed a $500m syndicated loan in Hong Kong yesterday at slightly more expensive terms but with less lender flexibility than in borrowings earlier this year.

The loan was split in two tranches, $300m and $200m but, unlike the Korea Exchange Bank syndication in the spring, lenders were not given a pricing option.

The $300m tranche was priced at 0.75 per cent over the London interbank offered rate for the first six years and 0.875 per cent for the remaining two years of the loan.

The $200m tranche was arranged at 0.2 per cent over the U.S. prime rate for the full eight years. Acting as agents for the syndication are the Industrial Bank of Japan and Morgan Guaranty Bank of New York.

A total of 53 banks participated in the syndication with a heavy representation from Japanese banks. Among the 11 co-ordinators were Chase Manhattan Bank Asia, Morgan Guaranty, Chemical Bank, Bank of Tokyo and Midland Bank.

The Korea Development Bank, which traditionally approaches international capital markets at this time of year, has returned to normal volume for its loan. Last year, because of nervousness in international capital markets, the bank raised only $300m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for November 15.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10¾ 90	100	93½	94	-0⅛	+0⅛	[illegible]
Australia Comm 11¾ 89	100	100⅝	101⅛	-0¼	+0¾	[illegible]
Australia Comm 11½ 95	300	96¾	97¼	-0¼	+0⅝	[illegible]
Australia Comm 11⅝ 98	100	97	97½	-0⅛	+0½	[illegible]
Bank of Tokyo 11 90	100	95⅛	95⅝	-0⅛	+0⅝	[illegible]
British Col Hyd 10¾ 88	200	96¾	97¼	-0⅜	+0½	[illegible]
Britoil Fin 11⅞ 90	125	100	100½	-0⅛	+0⅝	[illegible]
Canada 10⅞ 88	500	98½	99	-0⅛	+0¾	[illegible]
C.C.C.E. 11¾ 97	100	93	93½	-0¼	+0⅝	[illegible]
C.C.C.E. 12⅝ 95	75	98⅞	99⅜	-0⅛	+0½	[illegible]
Can Imp Bk Com 11 90	75	92¾	93¼	+0¼	0	[illegible]
Chicorp O/S 10⅞ 90	100	92¼	92¾	-0⅜	+0⅝	[illegible]
Chicorp O/S 11¾ 90	100	97⅝	98⅛	-0¼	+0⅝	[illegible]
Cred Suisse BAH 10½ 90	150†	98½	99	-0¼	+0⅝	[illegible]
Den Norsk Cred 11¼ 93	50	93⅜	93⅞	0	+0⅝	[illegible]
E.C.S.C. 11⅞ 90	75	98⅝	99⅛	-0⅛	+0⅝	[illegible]
E.D.F. 11⅛ 93	100	92⅞	93⅜	-0⅛	+0⅝	[illegible]
E.E.C. 11 87	350	98½	99	-0⅛	+0⅝	[illegible]
E.I.B. 10¾ 93	200	91⅞	92⅜	-0⅛	+0⅝	[illegible]
E.I.B. 11 91	125	95¼	95¾	-0⅛	+0⅝	[illegible]
Exportfinans 11½ 90	100	96½	97	0	0	[illegible]
Electrolux 10½ 90	50	92¼	92¾	0	+1	[illegible]
Ensearch Fin 11⅝ 93	100	98	98½	+0⅛	+0⅝	[illegible]
Fuji Int Fin 10⅞ 90	100†	93⅜	93⅞	0	+0½	[illegible]
GMAC O/S Fin 11⅞ 90	100	99¼	99¾	+0⅛	+0⅝	[illegible]
Honeywell Int 10¾ 90	100	97¼	97¾	-0⅛	+0½	[illegible]
Indust Bk Japan 10⅞ 88	100	97	97½	+0⅛	+0½	[illegible]
Indust Bk Japan 11⅞ 91	100	99	99½	0	0	[illegible]
Japan Air Lines 10¾ 98	42	92⅜	92⅞	-0⅛	0	[illegible]
Japan Air Lines 11 93	75	95⅛	95⅝	-0⅛	+0⅝	[illegible]
J.C. Penney 11⅞ 90	100	100½	101	-0⅜	+0⅝	[illegible]
J. P. Morgan 11⅛ 90 WW	150	97⅛	97⅝	-0⅛	+0⅝	[illegible]
Levi Strauss Int 11 90	75	96⅝	97⅛	-0⅛	+0⅝	[illegible]
L.T.C.B. 10¾ 90	100	93¼	93¾	0	+0½	[illegible]
L.T.C.B. 12½ 90	85	101¾	102¼	-0¼	+0¼	[illegible]

CONVERTIBLE BONDS (continued)	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Nissan Motor 5¾ 98	4/83	770	100⅞	101⅞	0	9.99
Olympus Optical 6¾ 97	12/82	1331	101⅞	102⅞	+0⅝	23.88
Orient Finance 5¼ 97	3/82	927.2	95	96½	-1	7.84
Orient Leasing 5¼ 98	6/83	2860	87½	88⅝	-0¾	2.60
Secom 5 98	11/83	2828	126⅝	128⅛	+2	2.29
Sumitomo Electric 5½ 97	3/82	577.3	120	121½	+0⅝	2.26
Yamaichi Sec Co 5 98	8/83	472	96	97½	0	3.13
Yamanouchi Pharm'cal 4 98	10/83	1389	99¼	100¼	+0¼	7.29
NEC Corp 3½ 93 SF †	8/83	878	145½	146½	-0½	-1.81
Settsu Paper 3⅞ 93 SF	9/83	718	101½	103½	+0¾	11.79
Asics 5 92 DM	12/83	528	107	107¾	-0⅜	10.23
Konishiroku 6¾ 88 DM	6/82	616	119¼	120⅛	-0½	8.34
Sun Realty 8¼ 92 DM	2/83	385	125⅝	128⅝	+2½	-2.58

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cr. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.